

Approved by

Board of Directors of Public Stock Company  
VSMPO-AVISMA Corporation

Minutes dd. February 10, 2006 No.-

## QUARTERLY REPORT

Public Stock Company VSMPO-AVISMA Corporation

Issuer Code: 

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For the Fourth Quarter of 2005

Issuer's Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

Postal Address: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, 624760,  
Russia

Information contained in this Quarterly Report is subject to disclosure under the law on  
securities of the Russian Federation

Director General

Date February 10, 2006

\_\_\_\_\_  
Signature

V.V. Tetyukhin

Chief Accountant

Date February 10, 2006

\_\_\_\_\_  
Signature

T.V. Novossadova

Place of Seal

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## TABLE OF CONTENTS

Quarterly report .....	1
Table of Contents .....	2
introduction .....	5
I. Brief Information on Persons Included in the Issuer's Control Authorities, on Issuer's Bank Accounts, Auditor, Appraiser and Financial Consultant and on Other Persons Signing Quarterly Report .....	6
1.1. Persons Included in the Issuer's Control Authorities .....	6
1.2. Issuer's Bank Accounts .....	6
1.3. Issuer's Auditor .....	7
1.4. Issuer's Appraiser .....	8
1.5. Issuer's Consultants .....	8
1.6. Other Persons Signing the Quarterly Report .....	8
II. Basic Information on Issuer's Financial and Economic Status .....	8
2.1. Issuer's Financial and Economic Figures .....	8
2.2. Issuer's Market Capitalization .....	8
2.3. Issuer's Liabilities .....	9
2.3.1. Accounts Payable .....	9
2.3.2. Issuer's Credit History .....	9
2.3.3. Issuer's Liabilities Resulting from Collateral Given to Third Parties .....	10
2.3.4. Other Liabilities .....	10
2.4. Issue and Usage of Funds Generated from Placement of Securities .....	10
2.5. Risks Connected with Acquisition of Placed Securities .....	10
2.5.1. Industrial Risks .....	10
2.5.2. National and Regional Risks .....	12
2.5.3. Financial Risks .....	14
2.5.4. Legal Risks .....	14
2.5.5. Risks Connected with Issuer's Activities .....	15
III. Detailed Information on the Issuer .....	15
3.1. Issuers' Background .....	15
3.1.1. Issuer's Corporate Name .....	15
3.1.2. Information on Issuer's State Registration .....	15
3.1.3. Issuer's Establishment and Development .....	15
3.1.4. Contact Information .....	17
3.1.5. Taxpayer Identification Number .....	17
3.1.6. Issuer's Affiliates and Representative Offices .....	17
3.2. Primary Economic Activity .....	18
3.2.1. Industrial Sector of the Issuer .....	18
3.2.2. Primary Economic Activity .....	18
3.2.3. Basic Types of Products (Operations, Services) .....	18
3.2.4. Raw Materials (Materials) and Suppliers .....	18
3.2.5. Issuer's Sales Markets of Products (Operations, Services) .....	18
3.2.6. Information on Issuer's Licenses .....	19
3.2.7 Issuer's Joint Activity .....	23
3.3. Future Prospects .....	23
3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holdings, Concerns and Associations .....	25
3.5. Issuer's Subsidiaries and Related Companies .....	26
3.6. Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans of Acquisition, Replacement, Retirement of Fixed Assets as well as on all the Facts of Fixed Assets Encumbrance .....	49
3.6.1. Fixed Assets .....	49
IV. Financial and Economic Activity of the issuer .....	49
4.1. Financial and Economic Performance Results .....	49
4.1.1. Profit and Loss .....	49
4.1.2. Factors which Affected Change in Proceeds from the Issuer's Sales of Goods, Products, Operations and Services and the Issuer's Profit (Loss) from Primary Activity .....	49

4.2. Issuer's Liquidity, Adequacy of the Capital and Current Assets .....	49
4.3. Size and Structure of the Issuer's Capital and Current Assets .....	50
4.3.1. Size and Structure of the Issuer's Capital and Current Assets .....	50
4.3.2. Issuer's Financial Investments .....	50
4.3.3. Issuer's Intangible Assets .....	50
4.4. Issuer's Policy and Expenses for Scientific and Engineering Activity, Licenses, Patents, Developments and Research .....	50
4.5. Overview of Development Trends in Issuer's Primary Activities .....	52
V. Details on Persons included in the Issuer's Control Authorities, Financial and Economic Activity	
Control Authorities and Brief Information on Issuer's Employees .....	56
5.1. Structure and Competence of Issuer's Control Authorities .....	56
5.2. Persons included in the Issuer's Control Authorities .....	59
5.3. Remuneration, Benefits and/or Compensation of Expenses of Each Issuer's Control Authority ..	61
5.4. Structure and Competence of the Issuer's Financial & Economic Control Authorities .....	61
5.5. Members of Financial & Economic Control Authorities .....	62
5.6. Remuneration, Benefits and/or Compensation of Expenses of Financial & Economic Control Authorities .....	64
5.7. Number of the Issuer Employees, Education and Structure of the Issuer Employees and Changes in the Number of Employees .....	64
5.8. Issuer's Obligations to the Staff (Employees) Associated with their Participation in the Issuer's Authorized Capital .....	64
VI. Shareholders and Interest Transactions of the Issuer .....	64
6.1. Total Number of Shareholders .....	64
6.2. Shareholders Holding not less than 5% of the Issuer's Authorized Capital or not less than 5% of the Issuer's Ordinary Shares, as well as Shareholders of such Persons Holding not less than 20 % of their Authorized Capital or not less than 20% of their Ordinary Shares .....	64
6.3. State or Municipal Share in the Issuer's Authorized Capital. Special Right ("Golden Share") .....	65
6.4. Restricted Participation in the Issuer's Authorized Capital .....	65
6.5. Changes in Structure and Share of the Issuer's Shareholders Holding not less than 5% of its Authorized Capital or not less than 5% of its Ordinary Shares .....	65
6.6. Interest Transactions of the Issuer .....	69
6.7. Accounts Receivable .....	69
VII. Issuer's Financial Statements and Other Financial Information .....	69
7.1. Annual Financial Statements of the Issuer .....	69
7.2. Quarterly Financial Statements of the Issuer for the Last Completed Reporting Quarter .....	69
7.3. Consolidated Financial Statements of the Issuer for the Last Complete Financial Year .....	69
7.4. Accounting Policy of the Issuer .....	69
7.5. Total Exports and its Share in Total Sales .....	70
7.6. Issuer's Real Assets Cost and Significant Changes in the Issuer's Assets since the Close Date of the Last Complete Financial Year .....	70
7.7. Participation of the Issuer in Legal Proceedings in case such Participation could have a Significant Effect on Financial and Economic Activities of the Issuer .....	70
VIII. Additional Information on the Issuer and Securities Placed .....	70
8.1. Additional Information on the Issuer .....	70
8.1.1. Size and Structure of the Issuer's Authorized Capital .....	70
8.1.2. Changes in the Size of the Authorized Capital of the Issuer .....	70
8.1.3. Formation and Use of the Reserve Fund and other Funds of the Issuer .....	71
8.1.4. Procedure for Calling and Holding of the General Meeting of the Superior Control Authority of the Issuer .....	71
8.1.5. Commercial Organizations in Which the Issuer Holds not less than 5% of the Registered (Stock) Capital (Share Fund) or not less than 5% of Ordinary Shares .....	73
8.1.6. Material Transactions Effected by the Issuer .....	73
8.1.7. Credit Ratings of the Issuer .....	74
8.2. Categories (Types) of the Issuer's Shares .....	74
8.3. Previous Issues of Securities, except for the Issuer's Shares .....	76
8.4. Person (Persons) who Provided Security for Debentures of the Issue .....	76
8.5. Terms and Conditions for Discharge of Obligations for Debentures of the Issue .....	76

8.6. Organizations Keeping Records of Rights for the Issuer’s Securities ..... 76  
8.7. Legislation Regulating Import and Export of the Capital, Effecting Payment of Dividends, Interest and Other Payments to Non-Residents..... 77  
8.8. Taxation of Income from the Issuer’s Securities Placed and Being Placed ..... 77  
8.9. Declared (Accrued) and Paid Dividends on the Issuer’s Shares and Income from the Issuer’s Debentures ..... 78  
8.10. Other Information ..... 80

## INTRODUCTION

### Full and Abbreviated Name of the Issuer:

Открытое акционерное общество «Корпорация ВСМПО-АВИСМА» (ОАО «Корпорация ВСМПО-АВИСМА»)

Public stock company «VSMPO-AVISMA Corporation» («VSMPO-AVISMA Corporation»)

### Issuer's Location:

1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

Postal address: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, 624760, Russia

Issuer's contact telephone numbers:

Telephone: (34345) 2-13-60, 5-20-05

Fax: (34345) 2-47-36, 5-20-05

E-mail: [Shayahmetova@vsm-po.ru](mailto:Shayahmetova@vsm-po.ru)

The quarterly report is available at: [www.vsm-po.ru/core.php?p=214](http://www.vsm-po.ru/core.php?p=214)

### Basic Information on Securities placed by the Issuer:

*Outstanding Shares:*

Category: ordinary

Type: registered uncertificated

Number: 10624630

Par value of one share: 1 ruble

State registration number 1-01-30202-D dd. November 11, 2004.

2. Category: ordinary

Type: registered uncertificated

Number: 539024

Par value of one share: 1 ruble

State registration number 1-01-30202-D-003D dd. November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion) – July 1, 2005.

3. Category: ordinary

Type: registered uncertificated

Number: 365884

Par value of share: 1 ruble

State registration number 1-01-30202-D-004D dd. November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion) – July 1, 2005.

This quarterly report contains assessments and forecasts produced by the Authorized Control Authorities of the issuer concerning future events and/or actions, prospects for the development of the economic sector in which the issuer conducts its primary activities, results of the issuer performance including the issuer's plans, and the probability of certain events and certain actions. Investors should not fully rely on the assessments and forecasts of the issuer's Control Bodies because actual future results can differ from the forecasts for various reasons. The acquisition of the issuer's securities is connected with the risks described in this quarterly report.

# I. BRIEF INFORMATION ON PERSONS INCLUDED IN THE ISSUER'S CONTROL AUTHORITIES, ON ISSUER'S BANK ACCOUNTS, AUDITOR, APPRAISER AND FINANCIAL CONSULTANT AND ON OTHER PERSONS SIGNING QUARTERLY REPORT

## 1.1. Persons Included in the Issuer's Control Authorities

**Board of Directors:**

Besedin, Vasily Alexandrovich, b. 1953  
 Bresht, Vyacheslav Iosifovich, b.1953  
 Kelly, Dennis, b. 1946  
 Melnikov, Nikolai Konstantinovich, b.1955  
 Monahan, John, b. 1945  
 Rizanenko Pavel Alexandrovich, b. 1975  
 Tetyukhin, Vladislav Valentinovich, b. 1932

**Issuer's Sole Executive Body:** Director General  
 Tetyukhin, Vladislav Valentinovich, b. 1932

**No joint executive body is provided for in the By-Laws.**

## 1.2. Issuer's Bank Accounts

Type of Account	Account Number	Credit Organization	Location of the Credit Organization
1	2	3	4
Settlement a/c Transit a/c, USD	40702810700010795939 40702840300010004249	Closed Joint-Stock Company INTERNATIONAL MOSCOW BANK CJSC "MMB" INN 7710030411 BIK 044583545 Corr. acc. 30101810300000000545	9, Prechistenskaya Embankment, Mos- cow, 119034
Settlement a/c Current a/c, USD	40702810602800000042 40702840600000000018	Joint-Stock Company "For- eign Trade Bank" JSC "Vneshtorgbank" INN 7702070139 BIK 046577952 Corr. acc. 30101810400000000952	16, Stepan Razin St., Ekaterinburg, 620142
Settlement a/c Current a/c, USD	40702810116150100055 40702840516150100007	Ural Bank of Sberbank of Russia INN 7707083893 BIK 046577674 Corr. acc. 30101810500000000674	11, Moscovskaya St., Ekaterinburg, 620014

1	2	3	4
Settlement a/c Current a/c, USD	40702810200700916014 40702840000700916006	Closed Joint-Stock Company CB CITIBANK INN 7710401987 BIK 044525202 Corr. acc. 30101810300000000202	8-10, Gashek St., Moscow, 125047
Settlement a/c Current a/c, USD	40702810100020009977 40702840400020009977	Closed Joint-Stock Company Commercial and Investment Bank "Calion Rusbank", Mos- cow Affiliate INN 7831000612 BIK 044583843 Corr. acc. 30101810400000000843	1, building 6, Bolshoi Zlatous- tovsky Pereulok, Moscow, 101000

### 1.3. Issuer's Auditor

1.3.1. Full and abbreviated company name:

Closed Joint-Stock Company Analytic Express

CJSC "Analytic Express"

Location: 3, building 2, Gazetny Per., Moscow, 103918

Telephone: (095) 229-8484,

Fax: (095) 229-3832

E-mail: [analitik@iet.ru](mailto:analitik@iet.ru)

License No. for audit activities: E 005434

Date of issue: based on RF Ministry Order No. 387, dated 9.12.2003

Validity of the license: 5 years

Authority issued the aforesaid license: the Ministry of Finance of the Russian Federation

Fiscal years for which the auditor has carried independent audits of accounting practices and

Financial statements reports of the issuer: since 1994.

There are no factors which can affect the auditor's independence from the issuer.

Procedure for appointing the auditor of the issuer: the Board of Directors proposes a candidate and the general meeting of shareholders approves the proposed candidate.

Work performed by the auditor within the framework of special auditor tasks:

- development of a new chart of book keeping accounts of PSC VSMPO-AVISMA Corporation at the required level of analytic work for drawing up financial reports and tax returns;
- implementation of the developed chart of book keeping accounts in the company;
- documentary issue of the results of development work as an appendix to the order on the accounting policy at PSC VSMPO-AVISMA Corporation.

Vested interests relating the auditor (officials of the auditor) to the issuer (officials of the issuer), none:

- there are no participatory shares of the auditor (officials of the auditor) in the registered capital of the issuer;
- no loan funds have been given by the issuer to the auditor (officers of the auditor);
- there are no close business relations (participation in promotion of products (services) of the issuer, participation in joint venture activities, etc.), as well as there are no blood relations;
- there are no officers of the issuer being at the same time officers of the auditor.

The auditor's fee is determined by the Board of Directors.

Payment for the auditor services is made as follows:

50% of the fee shall be transferred to the settlement account of the auditor within 30 days of the date of the beginning of work, the remaining 50% of the cost of work shall be transferred to the settlement account of the auditor within three days after signing the acceptance/transfer report of the auditor's conclusion and the auditor's written report. There are no deferred or overdue payments for the services

provided by the auditor.

1.3.2. Full and abbreviated company name:

Closed Joint-Stock Company PriceWaterHouseCoopers Audit

CJSC "PriceWaterHouseCoopers Audit"

Location: 52, building 5, Kosmodamianskaya Embankment, Moscow, 113054

Telephone: (095) 967-60-00

Fax: (095) 967-60-01

E-mail: [pwc.russia@ru.pwc.com](mailto:pwc.russia@ru.pwc.com)

License No. for audit activities: E 000376

Date of issue: based on RF Ministry Order No. 98, dated 20.05.2002

Validity of the license: 5 years

Authority issued the aforesaid license: the Ministry of Finance of the Russian Federation

Fiscal years for which the auditor has carried independent audits of accounting practices and the financial statements of the issuer: since 2002.

There are no factors which can affect the auditor's independence from the issuer.

Procedure for appointing the auditor of the issuer: via tender.

Work performed by the auditor within the framework of special auditor tasks:

Consulting in taxation issues (including customs fees and off-budget payments) and GAAP based accounting.

The auditor's fee is determined in accordance with the contracts concluded.

Payment for auditor services is made as follows:

The invoices are issued on a monthly basis accompanied by brief description of the services performed with the report on acceptance of services drawn up.

#### **1.4. Issuer's Appraiser**

The issuer did not recourse to the services of any appraiser (appraisers) during the reporting quarter.

#### **1.5. Issuer's Consultants**

There is no financial consultant in the securities market who would provide corresponding services to the issuer based on the contract, as well as other persons who would provide consulting services to the issuer related with issue of securities and who have signed the quarterly report and the last registered offering prospectus for outstanding shares.

#### **1.6. Other Persons Signing the Quarterly Report**

There are no other persons who have signed this Quarterly Report and are not stated in the previous clauses of this section.

## **II. BASIC INFORMATION ON ISSUER'S FINANCIAL AND ECONOMIC STATUS**

### **2.1. Issuer's Financial and Economic Figures**

The information for this reporting period is not given.

### **2.2. Issuer's Market Capitalization**

Provided is the information on the market capitalization of the issuer over the last 5 closed financial years including the data on market capitalization as of the close date of each fiscal year and as of the close date of the last closed reporting period.

**As of 01.01.2002:**

Weighted average price/share \$ 11,31



Market capitalization of the issuer \$ 133`525`950

Description of the method used for estimation of the issuer's market capitalization: cost estimation of issuer's net assets.

**As of 01.01.2003:**

Weighted average price/share \$ 15,54

Market capitalization of the issuer \$ 165`121`824

Description of the method used for estimation of the issuer's market capitalization: cost estimation of issuer's net assets.

**As of 01.01.2004:**

Weighted average price/share \$ 28,46

Market capitalization of the issuer \$ 302`404`576

Description of the method used for estimation of the issuer's market capitalization:

Market capitalization is estimated as a product of the number of shares of the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market for three months preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership RTS Stock Exchange.

**As of 01.01.2005:**

Weighted average price/share \$ 108,02

Market capitalization of the issuer \$ 1`147`777`312

Description of the method used for estimating issuer's market capitalization:

Market capitalization is estimated as a product of the number of shares of the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market in the month preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership RTS Stock Exchange.

**As of 01.01.2006r.:**

Weighted average price/share \$ 175,77

Market capitalization of the issuer \$ 2`026`456`894

Market capitalization is estimated as a product of the number of shares of the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market for three months preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership RTS Stock Exchange.

## **2.3. Issuer's Liabilities**

### **2.3.1. Accounts Payable**

The information for this reporting period is not given.

### **2.3.2. Issuer's Credit History**

This information is not to be disclosed as the amount of the principal debt under each credit agreement and loan agreement that was in force for the last 5 closed financial years and at the close date of the reporting quarter is less than 5 percent of the issuer's assets book value as of the date of the last closed reporting quarter.

### **2.3.3. Issuer's Liabilities Resulting from Collateral Given to Third Parties**

#	Beneficiary	Liabilities Given, 000' rubles	Date of Liabilities Repayment
1	Natural persons (Company's workers)	17 728	Not to be specified if the liability does not exceed 5% of the assets cost
2	Collateral under security agreements	2 179 205	According to individual credit agreements
3	Surety	115 130	Not to be specified if the liability does not exceed 5% of the assets cost
	<b>Total:</b>	<b>2 312 063</b>	

### **2.3.4. Other Liabilities**

There are no other obligations that could materially affect the financial status of the issuer.

### **2.4. Issue and Usage of Funds Generated from Placement of Securities**

No shares were issued in the reporting period.

### **2.5. Risks Connected with Acquisition of Placed Securities**

The detailed analysis of the risk factors connected with acquisition of the placed securities is carried out, including:

industrial risks,  
national and regional risks,  
financial risks,  
legal risks,  
risks connected with issuer's activities.

#### **2.5.1. Industrial Risks**

The major consumers of titanium products made by VSMPO – AVISMA Corporation are aerospace industry, power engineering, chemical engineering, oil and gas, nonconventional consumers, mainly, manufacturers of sports goods, and many others. Each of the aforesaid industries has its own development tendencies and, therefore, it is reasonable to review them individually.

About 65 percent of the output is intended for the aerospace industry, and therefore the state of this sector of the Russian and global economy has a substantial influence on the technological and economic indices of the Company. The aerospace sector of the world market features a cyclic nature of development within the period of about 4 years, and the world titanium market demonstrates a similar pattern of development. Though, it should be noted that during the recent years these markets have been affected by the Asian financial crisis of 1998 and terrorist attacks of September 11, 2001 in the USA. Nevertheless, the long-term perspective is constant growth of titanium consumption in this sector of the world economy, and no alternative replacement for titanium alloys is expected in the foreseeable future. Moreover, currently, the size of titanium alloys consumption in aerospace economy sector has significantly grown due to titanium content increase in the latest aircraft models (B787 of Boeing Company and A350 of Airbus), which are to become the major production models of middle-range aircrafts.

Currently power engineering, for the most part, nuclear power engineering is a sufficiently large consumer of titanium alloys, mainly used for heat-exchange systems, particularly those employed in nuclear power plants using sea water. There is a large potential demand for titanium alloys in power plants being developed which use the sea water temperature difference on the surface and in the depths of the world ocean.

Chemical industry employs unique anticorrosive properties of titanium alloys and is now a stable and perspective consumer of these materials with their steadily growing consumption in this sector.

During the recent years prospecting of energy resources (oil, gas, gas condensate) has been aiming at the sea shelf. Titanium alloys are practically an ideal structural material for offshore drilling and extracting platforms, riser pipes and pipeline systems since titanium and its alloys have absolute corrosion resistance to sea water.

Over the last five to seven years a significant volume of low-grade titanium alloys (up to five thousand tons p.a.) has been used for golf club heads manufacture. Even if the substitution to titanium alloys is found in this area in the near future, there are some significant potential markets for titanium alloys to be used for production of goods for sports and recreation: bicycles, hiking and climbing equipment, manual tools, etc.

On the whole, industrial development does not assume any reduction in the use of titanium alloys considering minimal risks.

Moreover, in 2005 the trend of sharp increase in demand for titanium alloys as well as the significant growth of their output in the whole world has been noted. It was caused by complete overcoming of consequences of terrorist attack on September 11, 2001 in the USA and the increase in aircraft production volumes by global producers. Simultaneously, titanium alloy industrial application market began growing, especially in power engineering, mainly, in South-East Asia (China, India). This tendency will continue in 2005 and 2006: conventional aerospace customer's orders have sharply grown, spot prices for titanium mill products have increased 3-4 times for the last year.

In spite of reduction in titanium scrap shortage and increase in titanium semi-finished products output, and some reduction in the requirement for ferrotitanium for manufacture of structural and stainless steel, for the last quarter, the prices for ferrotitanium remain stable high at the level of US\$17-19 per 1 kg of titanium in ferrotitanium.

Hence, titanium market shows unprecedented revival.

Titanium does not stand out in the general range of metals from the point of view of fluctuations of world prices for raw materials and energy resources. In terms of prevalence in the nature, titanium occupies the fourth place among structural materials (after aluminum, magnesium and iron), and considerable raw material stocks have been discovered. Considering, therefore, that in the world only approximately 5% of the extracted raw material (the rest of the output is used for pigment dye manufacture on the basis of titanium dioxide) is used for metal titanium manufacture, then risks associated with the shortage of raw material and increase in prices for it are virtually missing. It should be noted that for the first half of 2005 significant increase in prices for alloying elements being included in titanium alloys, mainly, vanadium (increased 6-7 times) and molybdenum (increased 3 times) has been observed. Although in the second half of 2005 the prices for these elements have slightly fallen, it significantly affected the level of costs and prices for titanium ingot and mill products. In order to make up for these risks the issuer occasionally increases prices for spot sales of titanium mill products, and product prices specified in LTAs are required to be repeatedly reviewed considering dynamics of alloying element price modification.

Risks associated with decisions of foreign countries regarding imposition of protecting duties, country quotas on imports exist in the USA only, which consumes less than 50% of titanium exports. Moreover, judging by the recent years' experience, the initiatives of the competitors of VSMPO-AVISMA Corporation in the US demanding introduction of such protective measures have not been supported by the US industry.

However, unfortunately, for political reasons (election campaign), on September 7, 2004, George Bush, the President of the United States, signed an Order on withdrawal of GSP treatment for Russian wrought titanium. It means that in 2005 VSMPO-AVISMA Corporation products were subjected to import duty from 5.5% (die forging) to 15% (bar, sheet, plate, tube). This decision did not produce any significant impact on VSMPO-AVISMA Corporation business in the US, as most of the products are supplied to the aerospace companies (Boeing, Pratt & Whitney, Perryman, Dynamet, TECT), which export the majority of their products. Therefore, they can make up for the import duty using TIB system and other support alternatives without changing prices for VSMPO-AVISMA Corporation products.

Primary risks in the branch of titanium sponge, magnesium and magnesium alloys production are the following:

- increase in energy supply rate causing the product cost raise;
- increase in materials and raw materials prices causing the product cost raise as well;

- expansion of cheap Chinese magnesium in the global market reducing AVISMA competitive priority;
- Russian Federation exclusion from the USA preferential system, resulting in introduction of duties for American market titanium suppliers;
- USA government protective policy aimed at protection of American magnesium producers from Russian magnesium import, and as a result – introduction of antidumping duty for VSMPO-AVISMA Corporation.

### ***2.5.2. National and Regional Risks***

**Political (within Russia) risks** associated with collaborating with VSMPO-AVISMA Corporation are minimal for the following reasons:

- the Corporation is the main supplier of metallurgical semi-finished titanium and aluminum alloy products for aircraft and rocket production and the key economic sectors of the Russian Federation, and therefore it is supported by the regional and federal authorities irrespective of their political orientation;
- the Corporation exports about 80 % of its products for use in high tech industries, which is considered and supported at the regional and federal levels as disposal of the raw material orientation of exports of the Russian Federation;
- the Corporation is one of the largest exporters in Sverdlovsk Region, a major taxpayer in the region, not to mention the town of Verkhnyaya Salda, and it is therefore supported by the regional and municipal authorities. Suffice it to say that based on the 2004 performance results the Company was awarded by the RF President Designated Representative in the Ural Region as the Company performing the most intensive foreign economic activity in the field of high-technology products manufacture;
- in the rating compiled by Russian industrial analysts based on the performance results for 2004, VSMPO-AVISMA Group occupies the 121<sup>st</sup> place among 400 enterprises of the Russian Federation in terms of production volumes.

**Political (international) risks** associated with collaborating with VSMPO-AVISMA Corporation are minimal for the following reasons:

- the Russian Federation implements the balanced foreign policy aimed at creating a multi-polar world, including the concept of mutually beneficial, restriction-free trade with all the countries which do not violate the By-Laws of the United Nations, and therefore VSMPO-AVISMA Corporation as a Russian company is not subject to any discrimination in its export activities;
- the Corporation has had long-term and developing relations with such leading aerospace companies around the world as Boeing, EADS, Rolls Royce, Pratt & Whitney, Snecma, General Electric and others, which ensures support for the Company on behalf of government agencies and a positive image in all the countries. Huge international corporations being the major customers of VSMPO-AVISMA Corporation, have to lobby its interests both in the Russian Federation and in many other countries of the world;
- the Corporation is fully integrated into the world economy and meets the generally accepted international standards with regard to its performance indicators.
- the planned entry of Russia into the World Trade Organization minimizes the political risks as the Company relationship will be based on international rules of business conduct.

**Production risks:**

a) Titanium sponge manufacture is geographically close to melting facilities (at a distance of about 600 km); there is railway communication and motorways which ensure regular delivery of raw materials in contrast to the supply of titanium sponge, for example, to the US from Japan or Kazakhstan. Besides, starting from July 1, 2005 a merger of VSMPO and AVISMA into the integrated corporation was effected ensuring stable supplies of basic raw materials. Due to titanium sponge shortage, VSMPO-AVISMA

Corporation intends to make large investments in development of titanium sponge production with the annual growth of 7-8 %.

Negotiations in regard to mining and delivery of ilmenite from India are held and various alternatives of supplying vanadium and molybdenum raw materials at stable prices to the Corporation are worked out in order to reduce dependence of the Corporation on deliveries of titanium raw materials from the Ukraine;

b) Process capabilities: for each type of product the Corporation has several versions of manufacture, for example, ingot forging can be done using forging hammers, forging presses or a radial forging machine ensuring fulfillment of orders even in case of overloading of separate pieces of equipment or their emergency shutdown.

c) Reserve production capacities: existing equipment is 40-70% loaded, which allows orders to be executed or changed towards the increase in the volumes within minimum terms;

d) Intensive production reconstruction and development for which the main part of the Company profit is spent, are aimed at elimination of the production bottle necks and increase in product release capacities. Thus, for example, in 2004-2006 equipment for titanium alloy ingot conversion into billet was increased via reconstruction of the heating facilities and commissioning of 2t and 1.5 t presses;

e) Raw material processing effectiveness: the Corporation unlike the majority of titanium companies around the world is an integrated Supplier manufacturing all types of metallurgical semi-finished products from titanium alloys from raw ore materials. It allows VSMPO-AVISMA Corporation to control lead times, pricing and to be completely responsible for the quality of its products;

f) Production diversification: the Corporation has at its disposal tooling, repair, power (water, steam, compressed air) and machine-building facilities, all types of inspection and tests, which ensures independence from subcontractors and a possibility to provide the Customers not only with rolled metal products of all types but also simple finished equipment from titanium alloys (heat-exchangers, containers, fans, pumps etc.). Currently, the Corporation establishes machining facility for rough machining of die forgings, and in the future – for manufacture of finished parts designated for aircraft components and assemblies. This will allow the end users to reduce the number of subcontractors and lead times.

Besides, except for titanium products, the Corporation processes and in the future plans to expand its production capacities for manufacture of metallurgical semi-finished products from aluminum and magnesium alloys, high strength steels and heat-resistant nickel-base alloys. This will allow Customers to reduce the number of subcontractors and production certifications costs. Moreover, the reputation of VSMPO-AVISMA Corporation as a supplier of a number of complete value-added products from different materials will be significantly enhanced.

#### **Human resources risks:**

a) The Corporation is fully staffed. For economic reasons there is no staff migration, and the tradition is to live settled in one place.

b) From the point of view of the personnel stability, it should be noted that in the Urals, where the Corporation is situated, there are family traditions to work in the same facility; a large number of dynasties work in the Company (this is when several generations work for the same company).

c) Problems with regard to the strikes and labour disputes, in contrast to, for example, TIMET, RMI, Aubert Duval and others, which faced such difficulties in 2000-2004 resulting in detrimental consequences for their Customers are excluded for the following main reasons:

- there are two trade unions with which collective agreements were signed and are constantly renewed;

- the wages are significantly higher than the average wages in the Russian Federation;

- the constant increase in the average wages is ensured which outruns the inflation level in the Russian Federation; it ensures improvement of the employees living standard;

- a social policy aimed at supporting of low-income groups of the population, including pensioners, former employees of the Company is pursued;

- highly qualified health services for employees and pensioners are provided by the Corporation: there is the out-patient department, the diagnostic medical center where all the employees of the Company are annually examined, three health centers for employees and pensioners, and there are health facilities in the workshops: gyms with the necessary equipment for sports and recreations, saunas;

- social sphere facilities included into fixed assets are maintained, funded and developed: Center of Culture, sports facilities, libraries, country holiday centers for children during vacations as well as for employees and pensioners, etc.

**Natural conditions:**

VSMPO and AVISMA have their facilities located on the border between Europe and Asia where natural (atmospheric, seismic, geological) disasters such as storms, typhoons, tornadoes, earthquakes, floods, etc., in contrast to titanium companies in the US and Japan, are excluded.

**VSMPO is well provided** with stable energy resources at present and in the near future, including:

- Sverdlovsk Region is abundant in electric power and no problems with regard to its generation arise. In future, the region Administration consider development of generating electric power facilities in order to support the development of the region industrial capacity, especially as the power sources (gas, coal) are available in the region;

- the Corporation is located in the area of the main Russian gas pipelines, close to their origin (gas sources), and therefore no problems with regard to ensuring the required gas pressure in the inlet of the Company's system and the required gas consumption volume arise;

- the Corporation has at its disposal its own plants in order to provide production facilities with heat, steam, compressed air, drinking and process water and experiences no problems with regard to these energy resources;

- government authorities establishes sufficient rates for the Corporation for consumption of drinking and process water, discharge of contaminated water and air (after cleaning to applicable sanitary standards) into aquatic and air environment and disposition of solid industrial wastes in the special waste burial area.

### ***2.5.3. Financial Risks***

The activities of any export-oriented Russian company are associated with financial risks.

**The main financial risks are as follows: market risks and currency risks.**

Currency risks arise when involving sources of funds using foreign currencies. The rate of exchange is affected by the trends of economic development of the country and political situation starting from changes in the currency regulation policy to the extent of social tension.

The currency risk involves two components:

- Risks associated with changes in the exchange rate;
- Conversion risk.

**Currency risks** are present in all the operations involving foreign currency because the company cannot affect these processes, and the only way out is to protect its interests by identifying risks in time and limit their potential consequences and losses.

It should be noted that for excluding **market risks** managers of the Company keep track of trends of price modification in the world market as unawareness of the market situation leads to amplification of the market risk factor and implicit losses.

There is, of course, an inflation risk. The company implements a significant production and financial cycle bringing to inflationary profit and, therefore, experts draw up a business plan allowing for inevitable inflation.

### ***2.5.4. Legal Risks***

Currently there are no legal risks associated with the changes in:

- Currency regulation
- Taxation legislation
- Customs control and duty regulations
- Requirements for licensing of the issuer's primary activity.

### ***2.5.5. Risks Connected with Issuer's Activities***

The issuer has not been involved in litigations which could significantly affect and interfere with the issuer's economic activities.

## **III. DETAILED INFORMATION ON THE ISSUER**

### **3.1. Issuers' Background**

#### ***3.1.1. Issuer's Corporate Name***

Issuer's full and abbreviated corporate name:

Открытое акционерное общество «Корпорация ВСМПО-АВИСМА» (ОАО «Корпорация ВСМПО-АВИСМА»)

Public stock company «VSMPO-AVISMA Corporation» («VSMPO-AVISMA Corporation»)

Date and reason for change of the issuer's name: Resolution of the general shareholders' meeting as of 28.12.2004. The certificate evidencing that the relevant entry was introduced into the Uniform Public Register of Legal Persons was given on January 24, 2005. The state registration number - 2056600360254.

Previous full and abbreviated corporate names of the issuer:

1. Joint Stock Company Verkhnyaya Salda Metallurgical Production Association (JSC VSMPO)

The date and the grounds for changing the name of the issuer: Resolution of the Sverdlovsk Regional Committee of State Property Management No. 38 as of 22.01.1993.

State registration number: 162 II-VI

State registration date: 18.02.1993.

Name of the authority that effected state registration: Municipal Administration of Verkhnyaya Salda, Sverdlovsk region.

2. Joint Stock Company Verkhnyaya Salda Metallurgical Production Association (JSC VSMPO)

The date and the grounds for changing the name of the issuer: Resolution of the general meeting of shareholders dd. 14.06.1996 and Resolution of the Head of Verkhnyaya Salda administration No. 250-d dd. 26.06.1996.

State registration number: 162 II-VI

State registration date: 18.02.1993.

Name of the authority that effected state registration: Municipal Formation Administration "Verkhnyaya Salda District", Sverdlovsk region.

#### ***3.1.2. Information on Issuer's State Registration***

Legal entity state registration number: 162 II-VI

State registration number: 18.02.1993.

Name of the authority that effected state registration: Head of Administration of Verkhnyaya Salda, Sverdlovsk Region.

Basic state registration number of the legal entity: 1026600784011

Name of the registration authority (in accordance with the data indicated in the certificate of the record on the legal entity registered till July 1, 2002 in the Uniform Public Register of Legal Entities): Regional Surveillance Authority # 3 of the Ministry of Taxation of RF for Sverdlovsk Region.

Record date: 11.07.2002.

#### ***3.1.3. Issuer's Establishment and Development***

Date of issuer's establishment: 18.02.1993.

The date till which the issuer will exist: the issuer has been established for an indefinite term.



**Brief history of issuer's establishment and development:**

The predecessor factory of VSMPO was built in 1933 near Moscow; it was the first manufacturer of aluminum parts for engines and aircraft in the Soviet Union. During World War II the factory was evacuated to Verkhnyaya Salda in Sverdlovsk Region.

In 1957, the first titanium ingot was melted, and in 1958 full-scale production of primary titanium started. From 1957 to 1990 VSMPO substantially increased the output since during that period the Company was the only supplier of titanium for Soviet aerospace and military industry.

In 1991 the output of titanium ingots melted at VSMPO was exceeded by 50 % compared to that in the US, Europe and Japan taken together.

At the beginning of nineties, in connection with reduction of the military budget and sharp reduction in demand for domestic aircraft from civil aviation, domestic demand for titanium reduced 20-30 times and for aluminum - 5-6 times, which drove the Company to the verge of bankruptcy.

The desire to maintain the facility, which, in fact, was the only "bread-winner" of the town with the population of 55,000 people having qualified scientific and engineering potential, VSMPO new management made a strategic decision to get down to diversification and produce not only titanium for military applications in the domestic market but also for export.

The settled task was complicated by the fact that the composition of titanium alloys made abroad differed from that used in the Russian aircraft industry.

New technologies were mastered enabling production of titanium products of the quality required by the foreign customers.

Capacities were reconstructed and new areas were constructed, mainly, for finishing and inspection operations.

As a result, from 1993 to 1997 export deliveries increased 6 times.

The major element of the strategy of entering foreign markets was the program of certification of Company's products by potential foreign customers.

The Company also invested funds in upgrading of its manufacturing processes, specifically in the quality inspection system. The quality of VSMPO-AVISMA Corporation products is confirmed by more than 120 quality certificates including certificates granted by the largest aircraft building companies and their suppliers.

Today more than 68 % of the Company's titanium products are exported, mainly, for aerospace applications in the US and Europe.

At present the Company is working on increasing the share of such products with high added value in the total output as thin titanium sheet, welded thin-walled titanium pipe, die forging.

Moreover, nonconventional production facilities designated for construction business, manufacture of disks, utensils, heat-exchanging titanium equipment and gas scrubbing systems were established.

This allowed the Company to maintain the personnel potential, most of engineering staff, design engineers, process engineers and workers who are in charge for the town since it is a mono-company town as well as maintain all its industrial potential, production capacities, provide proper operating condition and moreover, to bring them to a higher level of technological and qualitative requirements.

On July 1, 2005 VSMPO – AVISMA Corporation was reorganized through affiliation of JSC AVISMA Titanium – Magnesium Works (now AVISMA affiliate) that has its own development history.

In 1941 under the government order the building of Berezniki magnesium plant began.

The new plant was to provide fast growth in magnesium production in the USSR. It was decided to erect the plant in the Ural town of Berezniki where inexhaustible deposits of potassium-magnesium salt of Verhnekamskoye field could be found.

The first magnesium ingots were produced as early as in 1943. For the subsequent two decades magnesium production in Berezniki developed and reached a high level. Fundamentally new stage in development of Russian magnesium industry began in the 50-ss due to intensive growth in titanium production.

The necessity of providing the magnesium-thermal stages of titanium sponge production with magnesium resulted in combined associations – titanium-magnesium plants. In 1960 the first Ural titanium was produced. Berezniki Titanium-Magnesium Works (BTMW) was awarded with the Medal of Labor Red Banner and honors for its achievements in titanium and magnesium production.

The next significant stage in the history of the works was BTMW privatization and reorganization into Joint-Stock Company AVISMA Titanium-Magnesium Works.

In 1994 JSC AVISMA became a full member of International Magnesium Association. The objective of



this organization is to assist in development of magnesium use in the global industry and inform the magnesium market participants of non-ferrous metallurgy development trends.

In 1998 majority holding of the works passed into the ownership of JSC VSMPO (Verkhnyaya Salda Metallurgical Production Association).

According to "The Most Respectful Companies" rating of the journal Expert VSMPO-AVISMA group take the fourth place among the largest non-ferrous metallurgy companies of Russia. The joint venture was formed between the two leading titanium producers: Allegheny Technologies (ATI) and VSMPO-AVISMA. This union will allow to change the market of titanium products in titanium development at the aerospace and defense sector.

Formation of a corporation will allow to strengthen positions in such a high-technology sector of global economics as aircraft industry. Besides, for foreign partners authority and reliability of the unified company are more significant than those of separate associations. The company consolidation serves as a guarantee of stability and intensive development.

**Major objectives:**

- Manufacture of products meeting Customers' requirements and expectations, corresponding international and national standards and compulsory requirements of surveillance authorities.
- Enhancement of products competitiveness in foreign markets.

**VSMPO-AVISMA Corporation mission** is to ensure viability of the Company, maintain titanium industry of Russia and be integrated into the world economy.

### ***3.1.4. Contact Information***

Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

Current Issue's Executive Body Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

Postal address: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760

Contact telephones, e-mail address:

Telephone: (34345) 2-13-60, 5-20-05

Fax: (34345) 2-47-36, 5-20-05

E-mail: [Shayahmetova@vsm-po.ru](mailto:Shayahmetova@vsm-po.ru)

The information on the issuer's securities is available at:

Corporate documents – [www.vsm-po.ru/core.php?p=209](http://www.vsm-po.ru/core.php?p=209)

Stockholders - [www.vsm-po.ru/core.php?p=217](http://www.vsm-po.ru/core.php?p=217)

Securities - [www.vsm-po.ru/core.php?p=218](http://www.vsm-po.ru/core.php?p=218)

Information disclosure - [www.vsm-po.ru/core.php?p=214](http://www.vsm-po.ru/core.php?p=214)

Under the agreement with independent registrar, two transfer agent centers were opened:

1. office 26, 12, Parkovaya St., Verkhnyaya Salda, Sverdlovsk region, 624760  
Tel: +7(34345) 5-28-00
2. office 106, 29, Zagorodnaya St., Berezniki, Perm region, 618421  
Tel: +7(34242) 9-36-14

### ***3.1.5. Taxpayer Identification Number***

INN 6607000556

### ***3.1.6. Issuer's Affiliates and Representative Offices***

Name: VSMPO Affiliate

Established: November 22, 2004

Location: 12, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

CEO: Melnikov, Nikolay Konstantinovich, acting under power of attorney valid till 27.06.2006

Name: AVISMA Affiliate  
Established: November 22, 2004  
Location: 29, Zagorodnaya St., Berezniki, Perm Region, Russia  
CEO: Tankeev, Vladimir Petrovich, acting under power of attorney valid till 31.12.2006.

## **3.2. Primary Economic Activity**

### **3.2.1. Industrial Sector of the Issuer**

Codes of the main industrial activities in accordance with the Classifier of Economic Activities:

27.45, 27.53, 28.12, 28.22.1, 28.75.12, 45.21.1, 55.51, 51.70

### **3.2.2. Primary Economic Activity**

The information for this reporting period is not given.

### **3.2.3. Basic Types of Products (Operations, Services)**

The information for this reporting period is not given.

### **3.2.4. Raw Materials (Materials) and Suppliers**

The information for this reporting period is not given.

### **3.2.5. Issuer's Sales Markets of Products (Operations, Services)**

VSMPO-AVISMA Corporation partners in the world market include over 300 companies in 48 countries of the world. Currently, VSMPO-AVISMA Corporation provides up to 70% of all Boeing titanium requirements, 65% of EADS requirements, and 85% of Goodrich requirements. The contract with Chinese Company - Shansi Aircraft-building Company (SAC) - was signed and is executed for aluminum products delivery for Y8F600 aircrafts. In fact, there is no titanium using company in the world which would not apply VSMPO-AVISMA Corporation titanium.

VSMPO-AVISMA Corporation supplies titanium alloy bar for blade production, as well as ingot and billet for disk manufacture at such engine-building companies as: GEAE, Snecma, Rolls Royce, Pratt&Whitney, and Honeywell.

Jointly with foreign companies, VSMPO-AVISMA Corporation expands scientific and research programs on development of titanium alloys and manufacture of aircraft application products from steel and aluminum. The new materials and technologies will find wide application both in aircraft designs and in future developments.

In Russia and CIS, VSMPO-AVISMA Corporation cooperates with over 1500 companies. The Company products are used in all Russian aerospace projects, both for airframes and engines.

The main sales markets are:

- sponge titanium / titanium powder – Europe (Wogen Titanium, LSM. Bostlart, Thyssen Krupp, Consi-dar), Aisa (Stork, Sojitz), the USA (VSMPO-Tirus);
- magnesium and magnesium alloys - the USA (VSMPO-Tirus), West Europe (Georg Fischer, TCG, DaymlierChrysler).

### 3.2.6. Information on Issuer's Licenses

Number: TB 6476  
Date of issue: 13.09.2002  
Expiry date: 13.09.2007  
Issuing Authority: RF Ministry of Press  
Type of activity: telecasting

Number: 63-PM-000410  
Date of issue: 06.02.2004  
Expiry date: 06.02.2009  
Issuing Authority: Ural Department of State Technical Surveillance of Russia  
Type of activity: mine surveys (monitoring the state of mining leases and justification of their boundaries; mining graphic documentation maintenance; registration and justification of volumes of mine workings)

Number: 10509/910009  
Date of issue: 14.03.2003  
Expiry date: 14.03.2006  
Issuing Authority: Nizhny Tagil Customs  
Type of activity: Temporary warehouse establishment

Number: 63-KA-1462  
Date of issue: 13.08.2001  
Expiry date: до 13.08.2006  
Issuing Authority: Ural Department of State Technical Surveillance of Russia  
Type of activity: training of managers, specialists and workers for gas industry

Number: 63-ST-68  
Date of issue: 18.01.2002  
Expiry date: 18.01.2007  
Issuing Authority: Ural Department of State Technical Surveillance of Russia  
Type of activity: installation of gas control stations and units, gas pipes and gas equipment of industrial, agricultural enterprises and facilities providing maintenance services for public and residential buildings

Number: B 813989  
Date of issue: 16.08.2001  
Expiry date: 16.08.2006  
Issuing Authority: Sverdlovsk Regional Public Health Licensing and Accreditation Commission  
Type of activity: pharmaceutical activity

Number: SVE No. 01256  
Date of issue: 23.09.2002  
Expiry date: 1.07.2027  
Issuing Authority: Central Department for Natural Resources and Environmental Protection of the Ministry of Natural Resources of Russia for Sverdlovsk Region  
Type of activity: subsurface resources use

Number: SVE No. 00330  
Date of issue: 11.03.2002  
Expiry date: 11.03.2007  
Issuing Authority: Natural Resources Department for the Urals Region  
Type of activity: water use

Number: D 378805  
Date of issue: 28.07.2003  
Expiry date: 27.06.2008  
Issuing Authority: Ministry of Power Engineering of the Russian Federation  
Type of activity: storage of oil, gas and products of their processing

Number: RRS-63-00047  
Date of issue: 7.07.2003  
Expiry date: 7.07.2008  
Issuing Authority: Ural Department of State Technical Surveillance of Russia  
Type of activity: Authorization for manufacture and use of high pressure vessels and devices of austenitic and carbon steels, titanium and aluminum alloys in accordance with the attached list

Number: UO-11-101-0774  
Date of issue: 20.08.2002  
Expiry date: 1.10.2006  
Type of activity: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation  
Type of activity: design of equipment for nuclear plants

Number: UO-12-115-0787  
Date of issue: 12.09.2002  
Expiry date: 20.09.2007  
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation  
Type of activity: manufacture of equipment for structures, facilities, plants incorporating nuclear materials intended for production, recycling, transportation of nuclear fuel and nuclear materials

Number: UO-12-101-0786  
Date of issue: 12.09.2002  
Expiry date: 20.09.2007  
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation  
Type of activity: manufacture of equipment for nuclear plants

Number: 63-EKH-000543(ZhKh)  
Date of issue: 14.05.2004  
Expiry date: 14.05.2009  
Issuing Authority: State Technical Surveillance Department of Russia  
Type of activity: operation of chemically hazardous production facilities

Number: 63-EB-000542(ZhKMS)  
Date of issue: 14.05.2004  
Expiry date: 14.05.2009  
Issuing Authority: State Technical Surveillance Department of Russia  
Type of activity: operation of explosive production facilities

Number: UO-12-106-0450/01  
Date of issue: 04.05.2001  
Expiry date: 01.05.2007  
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation  
Type of activity: manufacture of equipment for structures and facilities incorporating industrial nuclear reactors subject to terms and conditions of the present license

Number: No. RRS BK-12771

Date of issue: 23.06.2004

Expiry date: 23.06.2007

Issuing Authority: Federal Service of Process Surveillance

Type of activity: use of equipment and process piping at chemical, petrochemical, oil-refining and other plants and facilities involved in handling or storing of explosive and flammable and toxic substances and mixtures

Number: No. UO-12-106-0973

Date of issue: 22.03.2004

Expiry date: 15.05.2009

Issuing Authority: State Nuclear Surveillance

Type of activity: manufacture of equipment for structures and facilities incorporating industrial nuclear reactors

Number: No. D 575999

Date of issue: 21.03.2005

Expiry date: 23.08.2009

Issuing Authority: Federal Agency for Construction and Housing and Public Utilities

Type of activity: construction of buildings and structures of Levels I and II

Number: No. A 507155

Date of issue: 23.08.2004

Expiry date: 23.08.2009

Issuing Authority: Federal Agency for Construction and Housing and Public Utilities

Type of activity: construction of buildings and structures of Levels I and II

Number: No. 000685-R

Date of issue: 30.03.2005

Expiry date: 30.03.2010

Issuing Authority: Federal Technical Regulation and Metrology Agency

Type of activity: repair of measuring instruments

Number: PV-54-000508 (V)

Date of issue: 16.09.2005

Expiry date: 16.09.2010

Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service

Type of activity: use of explosive materials of industrial application (handling, incoming inspection, packaging, registration, storage of explosive materials of industrial application and their testing during the storage process)

Number: KhV-54-000507 (V)

Date of issue: 16.09.2005

Expiry date: 16.09.2010

Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service

Type of activity: use of explosive materials of industrial application (handling, incoming inspection, packaging, registration, storage of explosive materials of industrial application and their testing during the storage process)

Number: 66-01-000160  
Date of issue: 08.09.2005  
Expiry date: 08.09.2010  
Issuing Authority: Federal Surveillance Service in the Branch of Health Protection and Social Development  
Type of activity: medical activities

Number: No. PEM 00985 TPEIO  
Date of issue: 04.10.2005  
Expiry date: 01.03.2007  
Issuing Authority: The Kama Basin Water Authority of Federal Water Resources Agency  
Type of activity: process water supply for AVISMA Affiliate

Number: No. PEM 00986 TREVKh  
Date of issue: 04.10.2005  
Expiry date: 01.03.2007  
Issuing Authority: The Kama Basin Water Authority of Federal Water Resources Agency  
Type of activity: disposal of waste water from AVISMA Affiliate

Number: No. PEM 00987 TREVKh  
Date of issue: 04.10.2005  
Expiry date: 01.04.2006  
Issuing Authority: The Kama Basin Water Authority of Federal Water Resources Agency  
Type of activity: disposal of utility waste water from AVISMA Affiliate

Number: PV-54-000508 (V)  
Date of issue: 16.09.2005  
Expiry date: 16.09.2010  
Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service  
Type of activity: use of explosive materials of industrial application (shooting operations at surface mining)

Number: KhV-54-000507 (V)  
Date of issue: 16.09.2005  
Expiry date: 16.09.2010  
Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service  
Type of activity: use of explosive materials of industrial application (handling, incoming inspection, packaging, registration, storage of explosive materials of industrial application and their testing during the storage process)

Number: No. PEM 01157 TE  
Date of issue: 09.12.2005  
Expiry date: 03.12.2018  
Issuing Authority: FGU "Regional Fund of Natural Resources and Environment Protection Information of Ministry of Natural Resources of Russia for Perm Region"  
Type of activity: mining of carbonate rock at "Gora Matyukovaya" deposit (Ivakin open pit) for lime and ballast stone

Number: No. 150001381

Date of issue: 08.06.2005

Expiry date: 08.06.2010

Issuing Authority: Ministry of Finance of the Russian Federation, State Assay Office of Russia

Type of activity: operations with precious metals and stones

Number: 63-EB-000542(ZhKMS)

Date of issue: 25.03.2005

Expiry date: 14.05.2009

Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service

Type of activity: operation of explosive production facilities

### ***3.2.7 Issuer's Joint Activity***

As of 01.01.2006 the issuer leads no joint activity with other organizations using investments of third parties.

## **3.3. Future Prospects**

### **MELTING**

Aspiring to keep the positions occupied in the global aerospace complex and to increase competitiveness in the market of titanium for aircraft engine application as well as to supply premium quality metal to the Russian market, VSMPO-AVISMA Corporation installs capacities for melting titanium alloy ingots of premium quality by construction of the plasma-arc melting area using the cold-hearth furnace. At present, commissioning works are carried out.

The automated system of monitoring and control of titanium ingot melting processes has been installed on the basis of Allen-Bradley equipment for 14 vacuum-arc furnaces.

Further on, it is planned to re-equip monitoring and control systems of the melting process for 3 to 5 vacuum-arc furnaces annually.

The purpose of this project is to increase the metal yield when re-melting composite alloys, to ensure reproducibility of the process as well as to increase of explosion safety.

For the purpose of ensuring reliable quality of charge materials, VSMPO-AVISMA Corporation has concluded a contract for manufacture and delivery of two magnetic and X-ray units for chips inspection. Significant growth of the Company's own manufacture of alloying materials with their range expanded is planned. Pre-project review is performed.

### **SHEET ROLLING**

With the mill products entering the world market, marketing surveys settled the following objectives for the Company's specialists with regard to manufacture of competitive products:

- Export plate and sheet from 6Al – 4V alloy for aerospace application,
- CP titanium sheet and strip from 0.5 to 2.0 mm in thickness for welded tubes and PFHE.

The significant amount of work has been carried out and investments have been made for implementation of the tasks. Most of the new foreign auxiliary equipment for grinding and cutting of coil has already been installed and put into operation.

Premium quality strip is considered to be an urgent subject for the Company because production facilities for thin-walled welded tube manufacture are significantly expanded. To develop sheet-rolling production it is planned to reconstruct the following industrial areas:

- reconstruction of "2000" hot-rolling mill;
- installation of strip profile adjustment and control system;

- installation of "Duo" dressing mill based on one of the existing mills (e.g. "Bliss-2") for dressing of coil up to 1300 mm in width with the following additional equipment mounted: decoiler, rewinder, coil accumulator.

To increase the output of flat mill products, heating furnaces are designed and constructed: for slab and metal rolling as well as for annealing.

Sheet etching unit No. 2 is designed; it will allow to increase the volume of etching of sheet and plate by 25%.

Contracts for delivery of special foreign equipment for grinding and cutting of sheet products have been concluded.

## **PRESS-FORGING**

Due to the increase in orders for delivery of premium quality die forgings, VSMPO-AVISMA Corporation has significantly reconstructed the main and auxiliary facilities, including repairs and upgrading of the presses; electric furnaces for long billets heating with the automatic control system incorporated ensuring the required accuracy of heating have been put into operation.

A number of immersion ultrasonic inspection units for machined titanium alloy bar and billet with the length up to 5000 mm have been constructed and put into operation, including the 4-th multizone ultrasonic inspection unit in the world. Advanced instrumentation and test machines have been purchased for metallurgical quality inspection of finished products.

The control system of 6000 ton forging press have been overhauled and upgraded.

Furnace areas have been re-equipped with electric heating furnaces replaced by gas ones and 8 state-of-the-art gas furnaces have been installed.

The rolling mill was purchased and installed in order to master new types of products – rolled rings from titanium and aluminum alloys and Inconels. The ring rolling mill was upgraded that allowed to increase the output at the expense of mastering shaped ring production.

Press for straightening of ring products was put into operation.

Ingot and billet forging area based on 2000 ton hydraulic press equipped with manipulators, furnaces and auxiliary equipment was established.

Finished product release area was organized.

A number of die forgings for leading aircraft building companies was mastered. In the near future the priority will be given to this type of work. To develop forging production:

- overhaul and modernization of control system of 3 000 ton forging press is planned;
- works started for shaping area construction (forging per sketch) based on 1500 ton forging press to be equipped with gas furnaces, forging and handling manipulators;
- abrasive grinding area of forged billets is established;
- works aimed at die forging machining expansion are carried out. The contracts for delivery of machines have been concluded; installation and commissioning are conducted, the first line of new rough machining facility for titanium alloy die forgings has been put into operation.

## **TUBE PRODUCTION**

Currently, the Corporation has implemented the 2<sup>nd</sup> stage of the project for manufacturing titanium alloy and stainless steel welded pipes from 10 to 40 mm in diameter. Four tube welding lines are in operation.

Another four tube-welding lines have been purchased for the purpose to increase the output of tubes and expanding the range of products from 30 to 114 mm in diameter, installation and commissioning are being conducted.

## **NONCONVENTIONAL GOODS**

- Manufacture of stainless steel kitchen utensils with the heat-distributing "sandwich" base.

In 1991 stainless steel household and kitchen tableware production was mastered.

In order to successfully compete with similar products manufactured by both Russian and foreign companies it is required that "sandwich"-bottom tableware be manufactured. Process Engineering and De-



sign Departments have carried out research and design works required for manufacture of new products. For implementation of the project the following equipment has been purchased and installed:

- base straightening unit;
- base soldering equipment;
- base machining equipment;
- reconstruction of "8P1et" grinding machines.

Further manufacture of stainless steel kitchen tableware is planned to be expanded with additional equipment to be purchased.

- Manufacture of die forged wheel discs from aluminum alloys.

In order to develop this production trend, expand the range of products and increase the output, special-purpose machines for turning and milling are purchased.

The rolling machine for wheel disc production by rolling has been purchased and is under installation and commissioning.

- Manufacture of titanium and stainless steel products for power engineering and oil-gas chemical industry.

In order to develop this production line, expand the range of products and increase the output, special-purpose equipment including testing equipment is planned to be purchased.

## **MAGNESIUM AND SPONGE TITANIUM PRODUCTION**

In the future the Company plans to perform the following: development of value added magnesium and magnesium alloys processing (production of cast parts) and design new magnesium products (for automotive industry, protectors, large-size casting, products from magnesium production scrap, etc.); search for the ways of reduction in magnesium and magnesium alloys manufacture cost (first of all, in power costs) at the expense of process improvement; increase in the level of production scrap processing and recycling; increase in the capacities for titanium products output; search for the new titanium products market; reduction in titanium production costs.

## **QUALITY INSPECTION**

In accordance with VSMPO-AVISMA Corporation Quality and Certification Program and the requirements of the audit firms, inspection instrumentation for product quality testing is planned to be purchased in order to enhance reliability of inspection as well as to replace physically worn out and obsolete equipment.

Blue etching and fluorescent inspection areas have been established, and the contract for purchasing advanced ultrasonic inspection unit for disks has been concluded.

### **3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holdings, Concerns and Associations**

VSMPO – AVISMA Corporation is the member of the Western Ural Association of Power Engineers. The members of the Association are the energy consumers that are interested in:

- improving effectiveness of power services in both industrial and municipal sectors of the region;
- more efficient use of energy resources;
- reduction of power costs;
- improving competitiveness of their products;
- influence on tariff policy.

The term of membership is not limited.

VSMPO – AVISMA Corporation is the member of the nonprofit organization "National Association of Automotive Components Makers".

Abbreviated name is NO "NAPAK" (NO NAACM)

The objective of this Association is to coordinate and combine individual efforts in order to develop the domestic automotive industry, enter the market of automotive components for domestic and foreign automakers and offer magnesium die cast parts.

The term of membership is not limited.

VSMPO – AVISMA Corporation is the member of the “Russian Association of Electric Tool Manufacturers”.

Abbreviated name: “RAPE” (RAETM)

The mission of the Association is to contribute to conditions and joint efforts to ensure steady manufacture of domestic electric tools. VSMPO-AVISMA Corporation can establish the area for production of magnesium alloy components for electric tool manufacturers. The purpose of membership in this Association is the long-term cooperation with other members of the Association.

The term of membership is not limited.

### 3.5. Issuer’s Subsidiaries and Related Companies

3.5.1. Full and abbreviated company name:

**TIRUS HOLDING Limited Liability Company (TIRUS HOLDING LLC)**

Location: 18, Viktor Ambartsumyan St., Ap. 8, Yerevan, Armenia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Tirus Holding LLC

Issuer’s participatory share in the registered capital of the subsidiary: 100%

Subsidiary’s participatory share in the issuer’s registered capital: 0

Description of the primary business of the Company: holding activities.

Description of the role of such company in the issuer’s activity: holding activities.

**Board of Directors** (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Retanova, Ludmila Anatolievna, b. 1964

Participatory share of Mrs. Retanova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Retanova: 0

3.5.2. Full and abbreviated company name:

**Tirshop Limited Liability Company (Tirshop LLC)**

Location: 36, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Tirshop LLC

Issuer’s participatory share in the registered capital of the subsidiary: 70%

Subsidiary’s participatory share in the issuer’s registered capital: 0

Description of the primary business of the Company: retail and wholesale of consumer goods.

Description of the role of such company in the issuer’s activity: retail and wholesale of consumer goods

**Board of Directors** (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Golovanova, Tatyana Nickolaevna, b. 1954

Participatory share of Mrs. Golovanova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Golovanova: 0

## 3.5.3. Full and abbreviated company name:

**Closed Joint Stock Company Trade Company "Titan"****(CJSC Trade Company "Titan")**

Location: 61, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO-AVISMA Corporation in the registered capital of CJSC Trade Company "Titan".

Issuer's participatory share in the registered capital of the subsidiary: 70%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 70%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: retail sale of goods

Description of the role of such company in issuer's activity: verification of competitiveness of consumer goods manufactured by the issuer in the local market

**Board of Directors (Supervisory Board):**

Chernova, Galina Vladimirovna, b. 1959

Participatory share of Mrs. Chernova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Chernova: 0

Panteleeva, Tatyana Maximovna, b. 1960

Participatory share of Mrs. Panteleeva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Panteleeva: 0

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Chernova, Galina Vladimirovna, b. 1959

Participatory share of Mrs. Chernova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Chernova: 0

## 3.5.4. Full and abbreviated company name:

**Joint Stock Company "Ural" (JSC "Ural")**

Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO-AVISMA Corporation in the registered capital of JSC "Ural"

Issuer's participatory share in the registered capital of the subsidiary: 51%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 51%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: manufacture of tableware and kitchen utensils as well as small-size parts of consumer goods for main production shops

Description of the role of such company in the issuer's activity: involvement of previously established fixed assets and personnel

**Board of Directors (Supervisory Board):**

Shagovaleev, Vladimir Alexeevich, b. 1950.

Participatory share of Mr. Shagovaleev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shagovaleev: 0

Lomko, Alexey Petrovich, b. 1976

Participatory share of Mr. Lomko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Lomko: 0

Semenov, Alexander Evgenievich,

Participatory share of Mr. Semenov in the issuer's registered capital: 0.0021

Proportion of ordinary shares of the issuer, which belong to Mr. Semenov: 0.0021

Odinokikh, Victor Vasilievich (chairman of BoD), b. 1949

Participatory share of Mr. Odinokikh in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Odinokikh: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Shagovaleev, Vladimir Alexeevich, b. 1950

Participatory share of Mr. Shagovaleev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shagovaleev: 0

3.5.5. Full and abbreviated company name:

**Closed Joint Stock Company Medical Insurance Company "Tirus-Medservice"  
(CJSC MIC "Tirus-Medservice")**

Location: 105, Molodezhny Poselok St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as dependent: the issuer owns more than twenty percent of the voting shares

Issuer's participatory share in the registered capital of the subordinate company: 31.4%

Proportion of ordinary shares of the subordinate company which belong to the issuer: 31.4%

Subordinate company's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subordinate company: 0

Description of the primary business of the Company: activities in the field of compulsory social security.

Description of the role of such company in the issuer's activity: social support of the issuer's employees, for the most part, medical insurance

**Board of Directors** (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Oks, Igor Mikhailovich, b. 1953

Participatory share of Mr. Oks in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Oks: 0

3.5.6. Full and abbreviated company name:

**Limited Liability Company 'Culture and Sport Centre 'Metallurg' (C&SC Metallurg LLC)**

Location: 55, Lenin St., Berezniki, Perm Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of C&SC Metallurg LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: services of sports organization and popularization, arrangement of physical training and sports exercises, culture services; recreation services.

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors:**

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviov, Sergey Petrovich, b. 1965

Participatory share of Mr. Muraviov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Muraviov: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Vasyukov, Mikhail Alexeevich, b. 1957

Participatory share of Mr. Vasyukov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vasyukov: 0

3.5.7. Full and abbreviated company name:

**Limited Liability Company "Avitrans" (Avitrans LLC)**

Location: 55, Lenin St., Berezniki, Perm Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Avitrans LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0.05%

Description of the primary business of the Company: property leasing, conclusion of sales contracts, brokerage business

Description of the role of such company in issuer's activity: leasing to the issuer of premises for production activity

**Board of Directors:**

Sementsov, Alexander Vladimirovich - chairman, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0.0016

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0.0016

Philippova, Tatyana Gennadievna, b. 1963

Participatory share of Mrs. Philippova in the issuer's registered capital: 0.0003

Proportion of ordinary shares of the issuer, which belong to Mrs. Philippova: 0.0003

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Tetyukhin, Vladislav Valentinovich, b. 1932

Participatory share of Mr. Tetyukhin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tetyukhin: 0

3.5.8. Full and abbreviated company name:

**Limited Liability Company "Spetsodezhda" (Spetsodezhda LLC)**

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Spetsodezhda LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: tailoring of overalls, uniform, hats and other types of clothes; tailoring of working clothes and overalls for special objects; restoration, dry-cleaning and washing of special and working clothes

Description of the role of such company in issuer's activity: provision of the issuer with overalls for its production activity, tailoring, repair and washing of clothes

**Board of Directors:**

Ovchinnikov, Sergey Evgenievich – chairman, b. 1952

Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Turishcheva, Lyudmila Vasilievna, b. 1951

Participatory share of Mrs. Turishcheva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Turishchiva: 0

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Turishcheva, Lyudmila Vasilievna, b. 1951

Participatory share of Mrs. Turishcheva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Turishchiva: 0

3.5.9. Full and abbreviated company name:

**Closed Joint Stock Company "Shag-1" (CJSC "Shag-1")**

Location: 5a, Gagarin St., Zhukovsky, Moscow Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of CJSC "Shag-1"

Issuer's participatory share in the registered capital of the subsidiary: 51.2%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 51.2%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: state of the art production of orthopedic footwear as well as footwear of any other applications and types, sale of footwear

Description of the role of such company in issuer's activity: possible provision of the issuer with special footwear for its production activity

**Board of Directors:**

Tyurin, Victor Matveevich - chairman, b. 1950.

Participatory share of Mr. Tyurin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tyurin: 0

Vydrina, Lyubov Valentinovna, b. 1950

Participatory share of Mrs. Vydrina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Vydrina: 0

Kozlov, Yury Askoldovich, b. 1951

Participatory share of Mr. Kozlov in the issuer's registered capital: 0.0002

Proportion of ordinary shares of the issuer, which belong to Mr. Kozlov: 0.0002

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Kozlov, Yury Askoldovich, b. 1951

Participatory share of Mr. Kozlov in the issuer's registered capital: 0.0002

Proportion of ordinary shares of the issuer, which belong to Mr. Kozlov: 0.0002

3.5.10. Full and abbreviated company name:

**Limited Liability Company "SOLID" (SOLID LLC)**

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of SOLID LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: brokerage business, technical and economic service, all kinds of foreign economic activity per the statute-established order, advertising

Description of the role of such company in issuer's activity: sales of sideline products, i.e. electrolytic potassium chloride

**Board of Directors:**

Ovchinnikov, Sergey Evgenievich - chairman, b. 1952.

Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967.

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Torgashov, Anatoly Ivanovich, b. 1961.

Participatory share of Mr. Torgashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Torgashov: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Torgashov, Anatoly Ivanovich, b. 1961.

Participatory share of Mr. Torgashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Torgashov: 0

3.5.11. Full and abbreviated company name:

**Closed Joint Stock Company "AVISMA-Les" (CJSC AVISMA-Les)**

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA in the registered capital of CJSC AVISMA-Les

Issuer's participatory share in the registered capital of the subsidiary: 51%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 51%  
Subsidiary's participatory share in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0  
Description of the primary business of the Company: logging, processing and selling of timber, production of converted timber, production of consumer goods, manufacture of building units and structures, repair of civic, public and production buildings, fabrication of furniture.  
Description of the role of such company in issuer's activity: repair and construction services to the issuer

**Board of Directors:**

Besedin, Vasily Alexandrovich - chairman, b. 1953  
Participatory share of Mr. Besedin in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Perminova, Olga Victorovna, b. 1970  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Shishkin, Pavel Alexandrovich, b. 1941.  
Participatory share of Mr. Shishkin in the issuer's registered capital: 0.0029  
Proportion of ordinary shares of the issuer, which belong to Mr. Shishkin: 0.0029

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Shishkin, Pavel Alexandrovich, b. 1941  
Participatory share of Mr. Shishkin in the issuer's registered capital: 0.0029  
Proportion of ordinary shares of the issuer, which belong to Mr. Shishkin: 0.0029

3.5.12. Full and abbreviated company name:

**Limited Liability Company Palace of Culture and Creative Activity "Metallurg" (PC&CA Metallurg LLC)**

Location: 88, Yubileinaya St., Berezniki, Perm Region, Russia  
Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of PC&CA Metallurg  
Issuer's participatory share in the registered capital of the subsidiary: 100%  
Subsidiary's participatory share in the issuer's registered capital: 0  
Description of the primary business of the Company: culture services, services for organization of performances, recreation services, catering services, other kinds of activity  
Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors** (Supervisory Board):

Bragina, Elena Gennadievna - chairman, b. 1959  
Participatory share of Mrs. Bragina in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Kislitchenko, Artem Valerievich, b. 1975.  
Participatory share of Mr. Kislitchenko in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kislitchenko: 0

Perminova, Olga Victorovna, b. 1970.  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

**Joint Executive Body** (management board, directory):



Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Belkin, Victor Anatolievich, b. 1958.

Participatory share of Mr. Belkin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Belkin: 0

3.5.13. Full and abbreviated company name:

**Limited Liability Company Restaurant "Sportivnaya" (Restaurant "Sportivnaya" LLC)**

Location: 55, Lenin Avenue, Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO – AVISMA Corporation in the registered capital of Restaurant "Sportivnaya" LLC.

Issuer's participatory share in the registered capital of the subsidiary: 99.8%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: production and sale of cookery, floury, confectionary foods, meat dishes, cold collations, sale of in-house and outsourced products and foods

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors (Supervisory Board):**

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Vasyukov, Mikhail Alexeevich, b. 1957.

Participatory share of Mr. Vasyukov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vasyukov: 0

3.5.14. Full and abbreviated company name:

**Limited Liability Company "Autostoyanka" (Autostoyanka LLC)**

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of Autostoyanka LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: services of autotransport storage and safe-keeping, vehicle repair, other kinds of activity

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors:**

Styrnikov, Yury Nikolayevich - chairman, b. 1952

Participatory share of Mr. Styrnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Styrnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967.

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Perminova, Olga Victorovna, b. 1970.

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Kalinin, Igor Victorovich, b. 1973.

Participatory share of Mr. Kalinin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kalinin: 0

3.5.15. Full and abbreviated company name:

**Closed Joint Stock Company VGK AVISMA TITAN (VAT CJSC)**

At present, there is no financial and economic activity conducted.

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO - AVISMA Corporation in the registered capital of CJSC VAT

Issuer's participatory share in the registered capital of the subsidiary: 45%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 45%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: metallurgical manufacture of titanium and titanium alloys, purchase and brokerage business, including foreign economic activity

**Board of Directors (Supervisory Board):**

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body –none**

3.5.16. Full and abbreviated company name:

**Joint Stock Company "Permatomenergoby" (JSC PermAES)**

Location: Perm, Russia

Grounds for acknowledging the company as a subsidiary: VSMPO - AVISMA Corporation owns more than 20% of the voting shares in the registered capital of JSC PermAES

Issuer's participatory share in the registered capital of the subsidiary: 23.99%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 23.99%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: purchase and sale of electric energy (power) in the federal wholesale and retail markets of electric power; commercial, brokerage business of providing services as commission agent, proxy and agent, as well as fulfilling functions of the purchaser and supplier in electric energy (power) selling operations in the federal and retail markets of electric power, other types of activity that are not prohibited by the laws

At present, there is no financial and economic activity conducted

**Board of Directors:**

Boyko, Sergey Nikolayevich, b. 1960.

Participatory share of Mr. Boyko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Boyko: 0

Malyshev, Evgeny Avenirovich, b. 1952.

Participatory share of Mr. Malyshev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Malyshev: 0

Lapshin, Nikolay Yakovlevich, b. 1955.

Participatory share of Mr. Lapshin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Lapshin: 0

Vaskov, Vadim Mikhailovich, b. 1966.

Participatory share of Mr. Vaskov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vaskov: 0

Balashov, Dmitry Evgenievich

Participatory share of Mr. Balashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Balashov: 0

Oborin, Victor Pheodorovich

Participatory share of Mr. Oborin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Oborin: 0

Shaposhnikov, Oleg Evgenievich

Participatory share of Mr. Shaposhnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shaposhnikov: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Full company name: JSC AtomEnergoSbyt

Location: 14/9, Sadovnicheskaya St., Moscow, Russia

Participatory share of JSC AtomEnergoSbyt in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to JSC AtomEnergoSbyt: 0

3.5.17. Full and abbreviated company name:

**Limited Liability Company "AVISMA – Machinostroitel" (AVISMA-Machinostroitel LLC)**

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA-Machinostroitel LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the registered capital of the issuer – 0%

Description of the primary business of the Company: manufacture of optional equipment, including boiler equipment; manufacture of various metal constructions, parts and units of machine-building application, repair of pump and compressor, casting of steel, cast-iron and non-ferrous metals, possibility of machining of castings, application of anticorrosive protection to hardware

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors:**

Besedin, Vasily Alexandrovich - chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0.0016

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0.0016

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Perminova: 0

Kislichenko, Artem Valerievich, b. 1975  
Participatory share of Mr. Kislichenko in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Vasiliev, Gennady Pavlovich, b. 1951  
Participatory share of Mr. Vasiliev in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Vasiliev: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**  
Vasiliev, Gennady Pavlovich, b. 1951  
Participatory share of Mr. Vasiliev in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Vasiliev: 0

3.5.18. Full and abbreviated company name:

**Limited Liability Company "AVISMA – Spetsremont" (AVISMA – Spetsremont LLC)**

Location of the Company: 29, Zagorodnaya, Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – Spetsremont LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: fitting and assembling activities; repair of metal structure, hoisting device, crane track, pressure vessel; setting and lining activities, anticorrosive protection of structures and equipment, repair of electric devices and cable system, maintenance of energy lines, including natural gas lines, process piping, including categorical piping

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors:**

Besedin, Vasily Alexandrovich – chairman, b. 1953  
Participatory share of Mr. Besedin in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Sementsov, Alexander Vladimirovich, b. 1966  
Participatory share of Mr. Sementsov in the issuer's registered capital: 0.0016  
Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0.0016

Kashkarov, Igor Alexandrovich, b. 1966  
Participatory share of Mr. Kashkarov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967  
Participatory share of Mrs. Muraviova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Kudrevatykh, Victor Vladimirovich, b. 1967  
Participatory share of Mr. Kudrevatykh in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kudrevatykh: 0

**Joint Executive Body (management board, directory):**  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Kudrevatykh, Victor Vladimirovich, b. 1967.

Participatory share of Mr. Kudrevatykh in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kudrevatykh: 0

3.5.19. Full and abbreviated company name:

**Limited Liability Company "AVISMA – Stroy" (AVISMA – Stroy LLC)**

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA-Stroy LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: construction of buildings and erections, preparation of construction area, plumbing and heating installations in buildings and erections, finishing, production of concrete, mineral white and cement items, production of metal structural unit and item, processing of metals and application of coating to metals, treatment of hardware using main engineering processes

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer

**Board of Directors:**

Besedin, Vasily Alexandrovich – chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Kashkarov, Igor Alexandrovich, b.1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muravieva, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muravieva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muravieva: 0

Gresev, Sergey Sergeevich, b. 1957

Participatory share of Mr. Gresev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gresev: 0

**Joint Executive Body (management board, directory):**

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Gresev, Sergey Sergeevich, b. 1957

Participatory share of Mr. Gresev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gresev: 0

3.5.20. Full and abbreviated company name:

**Limited Liability Company "AVISMA-TechnoExpert" (AVISMA-TechnoExpert LLC)**

Location: 29, Zagorodnaya St., Lenin Avenue, Berezniki, Perm Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO - AVISMA Corporation in the registered capital of AVISMA-TechnoExpert LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: – 0%

Description of the primary business of the Company: making an expertise of industrial safety of technical facilities used at hazardous production objects; inspection of the equipment and materials by NDT methods; examination of the documentation in terms of risk analysis of hazardous production objects; diagnostics, examination of units and equipment for metallurgical and coke and by-product process facilities including NDT methods; technical diagnostics and expert survey of lifting structures with the used standard life with the report on capability and conditions of further operation issued; technical examination of boiler inspection objects and lifting structures in cases stipulated by Safety Regulations; development and implementation of project, research and survey works.

Description of the role of such company in the issuer's activity: services related with the primary business of the Company rendered to the issuer.

**Board of Directors:**

Besedin, Vasily Alexandrovich - chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Kashkarov, Igor Alexandrovich, b.1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muravieva, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muravieva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muravieva: 0

Zhulanov, Oleg Leonidovich, b. 1973

Participatory share of Mr. Zhulanov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zhulanov: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Zhulanov, Oleg Leonidovich, b. 1973

Participatory share of Mr. Zhulanov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zhulanov: 0

3.5.21. Full and abbreviated company name:

**Limited Liability Company "AVISMA– Catering Facility": (AVISMA-Catering Facility LLC)**

Location: 88, Yubileinaya St., Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of AVISMA-Catering Facility LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: rendering of catering services

Description of the role of such company in issuer's activity: services provided to the issuer's employees within the catering scope.

**Board of Directors:**

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0,0016

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0,0016

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Starikova, Nadezhda Mihhailovna, b. 1948

Participatory share of Mrs. Starikova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Starikova: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Starikova, Nadezhda Mihhailovna, b. 1948

Participatory share of Mrs. Starikova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Starikova: 0

**3.5.22. Full and abbreviated company name:****Limited Liability Company "AVISMA – TransAuto" (AVISMA-TransAuto LLC)**

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – TransAuto LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: transportation business; services of motor vehicle maintenance and repair; land improvement; fencing; green planting (tillage, lawn-making, planting of trees and bushes, flower bed making); road base and carpet making.

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issue.

**Board of Directors:**

Ovchinnikov, Sergey Evgenievich – chairman, b. 1952

Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0,0016

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0,0016

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Kislichenko, Artem Valerievich, b. 1975  
Participatory share of Mr. Kislichenko in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Tonkarev, Sergey Victorovich, b. 1960  
Participatory share of Mr. Tonkarev in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Tonkarev: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Tonkarev, Sergey Victorovich, b. 1960  
Participatory share of Mr. Tonkarev in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Tonkarev: 0

3.5.23. Full and abbreviated company name:

**Limited Liability Company "AVISMA – MetrATek" (AVISMA – MetrATek LLC)**

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation  
Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – MetrATek LLC.  
Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: standardization and metrology business (instrument verification and calibration); services of installation, repair and maintenance of control equipment; engineering design; plumbing and heating installations in buildings and erections; mounting of other engineering systems (fire and intruder alarm systems) and process control devices; services of installation, repair and maintenance of television and radio-transmitters; general construction activities of laying of local communication and power lines, including interrelated auxiliary activities; services of mounting, repair and maintenance of devices and tools for measurement, inspection and other purposes; services of installation of office equipment; maintenance and repair of office machines and computing machinery.

Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer.

**Board of Directors:**

Sizikov, Igor Anatolievich – chairman, b. 1964  
Participatory share of Mr. Sizikov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Sizikov: 0

Kashkarov, Igor Alexandrovich, b. 1966  
Participatory share of Mr. Kashkarov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0



Muravieva, Svetlana Vladimirovna, b. 1967  
Participatory share of Mrs. Muravieva in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Muravieva: 0

Mityushov, Alexander Nikolayevich, b. 1952  
Participatory share of Mr. Mityushov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Mityushov: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Mityushov, Alexander Nikolayevich, b. 1952  
Participatory share of Mr. Mityushov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Mityushov: 0

3.5.24. Full and abbreviated company name:

**Limited Liability Company "Analytic – A" (Analytic – A LLC)**

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation  
Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of Analytic-A LLC  
Issuer's participatory share in the registered capital of the subsidiary: 100%.  
Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: services of chemical analysis of various materials, emissions and dumpings of harmful substances into environment; services of determination of chemical and physical factors of environment; services of repair of chemical analysis equipment.  
Description of the role of such company in issuer's activity: services related to the primary business of the Company provided to the issuer.

**Board of Directors:**

Ossipenko, Nikolay Grigorievich – chairman, b. 1964  
Participatory share of Mr. Ossipenko in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Ossipenko: 0

Kashkarov, Igor Alexandrovich, b. 1966  
Participatory share of Mr. Kashkarov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970  
Participatory share of Mrs. Perminova in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muravieva, Svetlana Vladimirovna, b. 1967  
Participatory share of Mrs. Muravieva in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mrs. Muravieva: 0

Bazgutdinov, Magsum Makhdutovich, b. 1951  
Participatory share of Mr. Bazgutdinov in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Bazgutdinov: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Bazgutdinov, Magsum Makhdutovich, b. 1951  
Participatory share of Mr. Bazgutdinov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Bazgutdinov: 0

3.5.25. Full and abbreviated company name:

**Limited Liability Company “Trading House Tirus” (Trading House Tirus LLC)**

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Reg.

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of Trading House Tirus LLC.

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: distributors’ services of wholesale of versatile product mix.

Description of the role of such company in issuer’s activity: check competitiveness of the issuer made consumer goods in the local market.

**Board of Directors** (supervisory board):

Not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Kulik, Sergey Petrovich, b. 1957.

Participatory share of Mr. Kulik in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kulik: 0

3.5.26. Full and abbreviated company name:

**Limited Liability Company “VSMPO-LESTA” (VSMPO-LESTA LLC)**

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO – AVISMA Corporation in the registered capital of VSMPO-LESTA LLC.

Issuer’s participatory share in the registered capital of the subsidiary: 100%

Subsidiary’s participatory share in the issuer’s registered capital: 0

Description of the primary business of the Company: prompt and accurate satisfaction of the requirements for feedstock, materials, equipment, tools, making an agreement for the delivery of material and technical resources, trade and purchasing, agency and representative, leasing and foreign economic activities.

Description of the role of such company in issuer’s activity: performance of production, research and development and economic activities, works and rendering of services for the issue.

**Board of Directors:**

Slobtsov, Pavel Ivanovich – chairman.

Participatory share of Mr. Slobtsov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Slobtsov: 0

Spazhev, Vladimir Nickolaevich, b. 1948

Participatory share of Mr. Spazhev in the issuer’s registered capital: 0,0007

Proportion of ordinary shares of the issuer, which belong to Mr. Spazhev: 0,0007

Rashektaeva, Tatyana Viktorovna, b. 1955

Participatory share of Mrs. Rashektaeva in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Rashektaeva: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

Zajcev, Denis Gennadievich, b. 1977

Participatory share of Mr. Zajcev in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Zajcev: 0

Lisitsyn, Igor Nickolaevich,  
Participatory share of Mr. Lisitsyn in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Lisitsyn: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Lisitsyn, Igor Nickolaevich,  
Participatory share of Mr. Lisitsyn in the issuer's registered capital: 0  
Proportion of ordinary shares of the issuer, which belong to Mr. Lisitsyn: 0

3.5.27. Full and abbreviated company name:

**Limited Liability Company "Meridian" (Meridian LLC)**

Location: 88, Yubileinaya St., Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of Meridian LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: demonstration of films, entertainment, foreign economic, production, economic, advertising, trade and purchasing activities.

Description of the role of such company in issuer's activity: services provided to the issuer and its employees within the scope of the cultural-mass work.

**Board of Directors:**

Gorban, Viacheslav Ivanovich – chairman, b. 1954

Participatory share of Mr. Gorban in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gorban: 0

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muravieva, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muravieva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muravieva: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Shepotin, Dmitry Victorovich, b. 1978

Participatory share of Mr. Shepotin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shepotin: 0

**Joint Executive Body** (management board, directory):  
Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Shepotin, Dmitry Victorovich, b. 1978

Participatory share of Mr. Shepotin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shepotin: 0

3.5.28. Full and abbreviated company name:

**Limited Liability Company "VSMPO-Stroitel (UKS)" (VSMPO-Stroitel (UKS) LLC)**

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of VSMPO-AVISMA Corporation in the registered capital of VSMPO-Stroitel (UKS) LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: construction of dwelling, social and cultural objects, industrial construction, reconstruction, re-equipment and overhauls of buildings and premises, trade and purchasing, agency activities.

Description of the role of such company in issuer's activity: production and commercial activities, performance of works and rendering of services.

**Board of Directors:**

Korkin, Nikolai Pavlovich – chairman, b. 1950

Participatory share of Mr. Korkin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Korkin: 0

Shemyakin, Anatoly Gavrilovich, b. 1953

Participatory share of Mr. Shemyakin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shemyakin: 0

Spazhev, Vladimir Nickolaevich, b. 1948

Participatory share of Mr. Spazhev in the issuer's registered capital: 0,0007

Proportion of ordinary shares of the issuer, which belong to Mr. Spazhev: 0,0007

Rashektaeva, Tatyana Viktorovna, b. 1955

Participatory share of Mrs. Rashektaeva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Rashektaeva: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

Zajcev, Denis Gennadievich, b. 1977

Participatory share of Mr. Zajcev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zajcev: 0

Boyarskikh, Yury Alekseevich, b. 1947

Participatory share of Mr. Boyarskikh in the issuer's registered capital: 0,0017

Proportion of ordinary shares of the issuer, which belong to Mr. Boyarskikh: 0,0017

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Boyarskikh, Yury Alekseevich, b. 1947

Participatory share of Mr. Boyarskikh in the issuer's registered capital: 0,0017

Proportion of ordinary shares of the issuer, which belong to Mr. Boyarskikh: 0,0017

3.5.29. Full and abbreviated company name:

**Limited Liability Company “VSMPO-POSUDA” (VSMPO-POSUDA LLC)**

Location of the Company: House 6, Building 1, Malaya Sukharevskaya Sq., Moscow, Russia.

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of VSMPO-POSUDA LLC.

Issuer’s participatory share in the registered capital of the subsidiary: 47%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: manufacture of metal tableware from steel, aluminium, titanium alloys as well as stainless steel with heat-distributing and retaining bottom, manufacture of table, kitchen and other household items, finished metal products, finishing of metals and application of coatings to metals, wholesale, retail trade, researches and developments, operations with capital assets, advertising, foreign economic activities.

Description of the role of such company in issuer’s activity: services related to the primary business of the Company provided to the issue.

**Board of Directors:**

Board of Directors of the Company is not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Management Company K-Trade LLC.

Location of the Company: House 6, Building 1, Malaya Sukharevskaya Sq., Moscow.

Participatory share of K-Trade LLC in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to K-Trade LLC: 0

3.5.30. Full and abbreviated company name:

**“Karl Edbloom. Titan AB” Company**

Location of the Company: 11, Newgatan, Ernsheldswick, 891 93, Sweden.

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of “Karl Edbloom. Titan AB” Company.

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: seamless tube marketing.

Description of the role of such company in issuer’s activity: marketing of seamless tubes from titanium and its alloys in the world market beyond the limits of CIS.

**Board of Directors:**

Karl Gunnar Filker Edbloom – chairman, b. 1944

Participatory share of Karl Gunnar Filker Edbloom in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Karl Gunnar Filker Edbloom: 0

Antonov, Konstantin Mikhailovich, b. 1954

Participatory share of Mr. Antonov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Antonov: 0

Leder, Oleg Ottovich, b. 1962

Participatory share of Mr. Leder in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Leder: 0

Gromovich, Dmitry Vladimirovich, b. 1968

Participatory share of Mr. Gromovich in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gromovich: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Antonov, Konstantin Mikhailovich, b. 1954

Participatory share of Mr. Antonov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Antonov: 0

3.5.31. Full and abbreviated company name:

**Closed Joint Stock Company "SETAB Nikopol Plant" (CJSC SETAB Nikopol Plant)**

Location of the Company: 56, Trubnikov Avenue, Nikopol, the Ukraine.

Grounds for acknowledging the company as a subsidiary: dominant participation via "Karl Edbloom. Titanium AB" Company in the registered capital CJSC SETAB Nikopol Plant.

Issuer's participatory share in the registered capital of the subsidiary: 50,1%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: tube manufacture.

Description of the role of such company in the issuer's activity: tube manufacture.

**Supervisory Board:**

Karl Gunnar Filker Edbloom – chairman, b. 1944

Participatory share of Karl Gunnar Filker Edbloom in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Karl Gunnar Filker Edbloom: 0

Thomas Yukhansson,

Participatory share of Mr. Thomas Yukhansson in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Thomas Yukhansson: 0

Anderch Hernfeldt,

Participatory share of Mr. Anderch Hernfeldt in issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Anderch Hernfeldt : 0

Okishor Alexander Illarionovich, b. 1956

Participatory share of Mr. Okishor in issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Okishor: 0

Khamraeva, Tatyana Nickolaevna, b. 1960

Participatory share of Mrs. Khamraeva in issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Khamraeva: 0

**Joint Executive Body (management board, directory):**

Antonov, Konstantin Mikhailovich, b. 1954

Participatory share of Mr. Antonov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Antonov: 0

Antonov, Sergey Nickolaevich, b. 1956

Participatory share of Mr. Antonov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Antonov: 0

Revenok, Viacheslav Pavlovich, b. 1954

Participatory share of Mr. Revenok in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Revenok: 0

Zhuravlev, Andrey Victorovich, b. 1959

Participatory share of Mr. Zhuravlev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zhuravlev: 0

Kolesnik, Victor Nickolaevich, b. 1957

Participatory share of Mr. Kolesnik in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kolesnik: 0

**Person acting as Sole Executive Body:**

Antonov, Konstantin Mikhailovich, b. 1954

Participatory share of Mr. Antonov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Antonov: 0

3.5.32. Full and abbreviated company name:

**“SETAB Dnepr” Subsidiary of “SETAB/Karl Edbloom. Titan.AB” Company (DK SETAB Dnepr of SETAB/Karl Edbloom. Titan.AB Company)**

Location of the Company: 129Б, Kirov Prospekt, Denepropetrovsk, the Ukraine.

Grounds for acknowledging the company as a subsidiary: dominant participation via Karl Edbloom. Titan.AB Company in the registered capital of DK SETAB Dnepr of SETAB/Karl Edbloom. Titan.AB Company.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: wholesale and retail trade, agency activity related with marketing of different goods, consulting services for commercial business and management issues.

Description of the role of such company in issuer's activity: wholesale and retail trade, agency activity related with marketing of different goods, consulting services for commercial business and management issues.

**Board of Directors** (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Kolesnik, Victor Nickolaevich, b. 1957

Participatory share of Mr. Kolesnik in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kolesnik: 0

3.5.33. Full and abbreviated company name:

**Limited Liability Company “VSMPO-Energomontazh” (VSMPO- Energomontazh LLC)**

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of VSMPO-AVISMA Corporation in the registered capital of VSMPO- Energomontazh LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: manufacture of furnaces and furnace burners; fabrication, assembly, repair and maintenance of industrial refrigerating and ventilating equipment, equipment of general application, machines, pumps and compressors. Construction works; assembly of engineering equipment; manufacture of steel tubes and fittings, construction and other metallic items, tanks and other vessels.

**Board of Directors:**

Tikhomirov, Michail Phillipovich – chairman, b. 1947

Participatory share of Mr. Tikhomirov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tikhomirov: 0

Korkin, Nikolai Pavlovich – chairman, b. 1950

Participatory share of Mr. Korkin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Korkin: 0

Spazhev, Vladimir Nickolaevich, b. 1948

Participatory share of Mr. Spazhev in the issuer's registered capital: 0,0007

Proportion of ordinary shares of the issuer, which belong to Mr. Spazhev: 0,0007

Rashektaeva, Tatyana Viktorovna, b. 1955

Participatory share of Mrs. Rashektaeva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Rashektaeva: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

Zajcev, Denis Gennadievich, b. 1977

Participatory share of Mr. Zajcev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zajcev: 0

Fazlyev, Nakip Mannapovich, b. 1954

Participatory share of Mr. Fazlyev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Fazlyev: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Fazlyev, Nakip Mannapovich, b. 1954

Participatory share of Mr. Fazlyev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Fazlyev: 0

3.5.34. Full and abbreviated company name:

**Limited Liability Company "VSMPO-Remontno – Mekhanichesky Zavod" (VSMPO-RMZ LLC)**

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of VSMPO-AVISMA Corporation in the registered capital of VSMPO-RMZ LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: fabrication, repair, strengthening of spare parts and assemblies for furnaces, press – forging, metal cutting, sheet-rolling equipment and motor transport. Repair of vacuum devices, metal cutting and other equipment. Repair, fabrication and assembly of average-size metal structures; fabrication of rubber and polyurethane items. Services on machining of commodity goods and semis from titanium, aluminum alloys and steels.

Description of the role of such company in issuer's activity: industrial and commercial activity; performance of orders and rendering of services.

**Board of Directors:**

Shumilov, Alexander Venediktovich – chairman, b. 1945

Participatory share of Mr. Korin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Korin: 0

Korin, Nikolai Pavlovich – chairman, b. 1950

Participatory share of Mr. Korin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Korin: 0

Spazhev, Vladimir Nickolaevich, b. 1948

Participatory share of Mr. Spazhev in the issuer's registered capital: 0,0007

Proportion of ordinary shares of the issuer, which belong to Mr. Spazhev: 0,0007

Rashektaeva, Tatyana Viktorovna, b. 1955

Participatory share of Mrs. Rashektaeva in the issuer's registered capital: 0



Proportion of ordinary shares of the issuer, which belong to Mrs. Rashektaeva: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

Zajcev, Denis Gennadievich, b. 1977

Participatory share of Mr. Zajcev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zajcev: 0

Pryanichnikov, Nikolay Grigorievich, b. 1950

Participatory share of Mr. Boyarskikh in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Boyarskikh: 0

**Joint Executive Body** (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

**Person acting as Sole Executive Body:**

Pryanichnikov, Nikolay Grigorievich, b. 1950

Participatory share of Mr. Boyarskikh in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Boyarskikh: 0

### **3.6. Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans of Acquisition, Replacement, Retirement of Fixed Assets as well as on all the Facts of Fixed Assets Encumbrance**

#### **3.6.1. Fixed Assets**

The information for this reporting period is not given.

## **IV. FINANCIAL AND ECONOMIC ACTIVITY OF THE ISSUER**

### **4.1. Financial and Economic Performance Results**

#### **4.1.1. Profit and Loss**

The information for this reporting period is not given.

#### **4.1.2. Factors which Affected Change in Proceeds from the Issuer's Sales of Goods, Products, Operations and Services and the Issuer's Profit (Loss) from Primary Activity**

The information for this reporting period is not given.

### **4.2. Issuer's Liquidity, Adequacy of the Capital and Current Assets**

The information for this reporting period is not given.

### 4.3. Size and Structure of the Issuer's Capital and Current Assets

#### 4.3.1. Size and Structure of the Issuer's Capital and Current Assets

*Rubles in thousands*

	01.01.06
Registered capital	The information for this reporting period is not given.
Total cost of issuer's shares repurchased by the issuer for subsequent resale (transfer) with indication of percentage of such shares in placed shares (registered capital) of issuer, %	
Size of issuer's reserve capital formed at the expense of deductions from issuer's profit	
Size of issuer's additional capital reflecting increase in the value of assets resulting from re-valuation and difference between the sale price (allocation price) and par value of shares of the company due to sale of shares at the price exceeding par value	
Size of issuer's retained net profit	
Social sphere funds	
Size of issuer's target financing including total funds allocated for special purpose actions, funds received from other organizations and persons, budget funds, etc.	
Issuer's total capital	
Inventory	
VAT on acquisitions	
Accounts receivable (due in more than 12 months after the reporting date)	
Accounts receivable (due within 12 months after the reporting date)	
Short-term financial investments	
Cash	
Other current assets	
Total working capital	

#### 4.3.2. Issuer's Financial Investments

The information for this reporting period is not given.

#### 4.3.3. Issuer's Intangible Assets

The information for this reporting period is not given.

### 4.4. Issuer's Policy and Expenses for Scientific and Engineering Activity, Licenses, Patents, Developments and Research

The issuer's policy for scientific and engineering development associated with licenses and patents, new developments and researches is aimed at:

- acquisition of the exclusive right to intellectual property objects in the field of production of magnesium and titanium, protection of priority trends in scientific and engineering development;

- decrease in products cost and expansion of markets;
- involvement of alternative source of raw materials into production (including within the Russian Federation);
- development of no-waste production technology.

Data on creation and acquisition of legal protection for intellectual property for Q 4, 2005:

SEQ	Document #	Intellectual Property Object Description	Date of Issue/Entry	Commencement Date. Validity Period
1	Patent # 2260067	Invention "Unit for refinement and preparation of magnesium alloys"	10.09.2005	14.09.2004 20 years
2	Patent # 2258755	Invention "Apparatus for vacuum separation of sponge titanium"	20.08.2005	10.03.2004 20 years
3	Patent # 2258753	Invention "Technique for recycling of salt wastes of magnesium production"	20.08.2005	27.07.2004 20 years
4	Patent # 2258037	Invention "Technique and unit for manufacture of pilled calcium chloride"	10.08.2005	08.10.2003 20 years
5	Patent # 2258769	Invention "Technique for transportation of solid dehydrated carnallite to electrolytic cells for manufacture of magnesium"	20.08.2005	16.12.2003 20 years
6	Patent # 2260562	Invention "Technique and plant for dehydration of chlormagnesium raw materials"	20.09.2005	23.07.2004 20 years
7	Patent # 2261228	Invention "Technology for preparation of carnallite for electrolysis"	27.09.2005	14.09.2004
8	Patent # 47762	Useful model "Perforated plate of rectifying column"	10.09.2005	09.03.2005 5 years
9	Patent # 2250806	Invention "Technology for manufacture of thin sheet from high-strength titanium alloys"	05.07.2005	25.08.2003 20 years
10	Patent # 2255993	Invention "Technique for manufacture of briquettes"	26.07.2005	02.07.2003 20 years
11	Patent # 2256411	Invention "Method for retroperitoneoscopy of retroperitoneal space"	01.08.2005	23.10.2003 20 years
12	Patent # 2256520	Invention "Horizontal hydraulic extrusion press"	01.08.2005	18.11.2003 20 years
13	Patent # 2259897	Invention "Technique for manufacture of die forging by hot extrusion on presses with moving container"	20.09.2005	22.01.2004 20 years
14	Patent # 167110	Trade mark TIRUS, Class 12 (Israel)	22.08.2005	01.04.2003 10 years
15	Patent # 2262401	Invention "Technique for manufacture of hot-rolled tube"	01.11.2005	20.05.2004 20 years
16	Patent # 2262403	Invention "Technique for manufacture of hot-extruded tube"	01.11.2005	19.04.2004 20 years
17	Patent # 2263721	Invention "Technique for manufacture of ingot"	21.11.2005	25.12.2003 20 years
18	Patent # 2264887	Invention "Technique for semi-continuous compaction of items based on charge materials of titanium alloys"	09.12.2005	29.09.2004 20 years

19	Patent # 3725108	Trade mark VSMPO (Europe)	27.10.2005	24.03.2004 10 years
20	Patent # 2261228	Invention "Technique for preparation of carnallite for electrolysis"	27.09.2005	14.09.2004 20 years
21	Patent # 2260562	Invention "Technique and plant for dehydration of chlormagnesium raw materials"	27.09.2005	23.07.2004 20 years
22	Patent # 2261926	Invention "Technique for recycling of salt wastes of magnesium production"	10.10.2005	22.09.2004 20 years
23	Patent # 2261927	Invention "Technique for manufacture of powder flux"	10.10.2005	20.09.2004 20 years
24	Patent # 2265070	Invention "The unit for magnesium-thermic process used for titanium sponge"	27.11.2005	30.04.2004 20 years
25	Patent # 2265071	Invention "The unit for magnesium-thermic process used for titanium sponge"	27.11.2005	06.05.2004 20 years

Main trends and results of usage of intellectual property objects:

13 objects of intellectual property were used in production in Q 4, 2005:

#	Document #	Intellectual Property Object Description
1	2230601	Technology of complex recycling of titanium-magnesium production wastes
2	2172716	Technique for neutralization of hypochlorite pulp
3	2166008	Technique for neutralization of chlorinated gases of magnesium production
4	2201985	Technique for vacuum separation of sponge titanium
5	2061774	Technique for vacuum separation of sponge titanium
6	2075593	Technique for vacuum separation of sponge titanium
7	2255993	Technique for manufacture of briquettes
8	2221660	Tools for products extrusion
9	2228810	Technique for shape extrusion
10	2241772	Technology of vacuum arc remelt
11	2004105587	Plant designated for blasting of the inner surface of tubular billets
12	2004104516	Technique for briquetting of metal chips
13	39137	Furnace designated for titanium sponge manufacture.

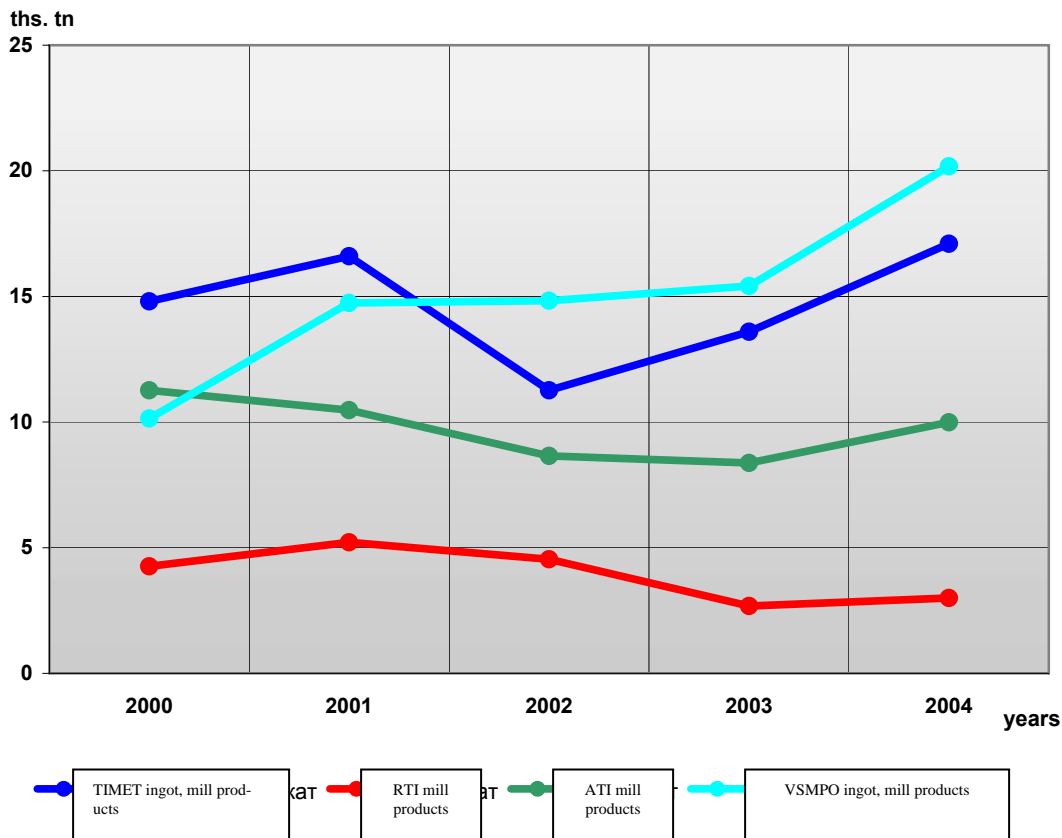
Risk factors associated with the possibility of expiration of patents, licenses for trademarks:  
Risk factor – use of cancelled patents by competitors.

#### 4.5 Overview of Development Trends in Issuer's Primary Activities

About 65 % of products manufactured by VSMPO-AVISMA Corporation is intended for aerospace applications, therefore, the condition of this sector of the Russian and world economy significantly affects technical and economic indices of the Company. The aerospace sector of the world market features a cyclic nature of 4-year development; the global titanium market develops in the similar way. Actually, it should be noted that Asian financial crisis in 1998 and the terrorist attack on 11 September, 2001 in the USA affected the condition of these markets.

Hence, the world's leading titanium manufacturers faced difficulties in products sales in 2001-2002; this negative tendency was subdued in 2003-2004 (Fig.1, Table 1).

**Fig.1 TITANIUM PRODUCTS SHIPMENTS BY US-BASED COMPANIES AND VSMPO- AVISMA CORPORATION IN 2000-2004**



Source: Companies' reports

**Table 1. Basic Indices of Timet, RTI, ATI and VSMPO-AVISMA Corporation in 2000-2004**

Indices, Companies	Units	Years				
		2000	2001	2002	2003	2004
Sales	\$ mln.					
Timet		426,8	486,9	366,5	385,3	501,8
RTI		249,4	285,9	270,9	195,0	214,6
ATI, total		2460,4	2128,0	1907,8	1937,4	2733,0
Titanium mill products (estimated)		320,0	290,0	240,0	230,0	290,0
VSMPO-AVISMA		163,0	247,7	275,5	268,1	362,9
Net profit (loss)	\$ mln.					
Timet		(38,9)	(41,8)	(111,5)	(13,1)	39,9
RTI		6,7	12,1	15,1	4,7	(2,8)
ATI		132,5	(25,2)	(65,8)	(314,6)	19,8
VSMPO-AVISMA		29,6	50,6	45,3	41,5	55,7
Titanium products shipment	ths. tn					
Timet, total		14,81	16,60	11,26	13,60	17,09
Mill products		11,37	12,18	8,86	8,88	11,73
Ingot, slab		3,47	4,41	2,40	4,72	5,36
RTI, mill products		4,26	5,22	4,54	2,68	3,00
ATI, mill products		11,26	10,48	8,65	8,37	9,99

VSMPO-AVISMA, total		10,15	14,74	14,83	15,42	20,18
Mill products		6,35	9,68	9,72	10,47	12,67
Ingot, slab		3,80	5,06	5,11	4,95	7,51
Average product price	\$/kg					
Timet, total (calculated price)		25,15	25,73	27,80	24,78	26,22
Mill products		28,70	29,80	31,40	31,50	32,05
Ingot, slab		13,65	14,50	14,50	12,15	13,45
RTI, mill products		34,65	29,48	33,33	35,13	30,81
ATI, mill products		23,94	25,77	26,06	25,33	27,18
VSMPO – AVISMA export, total		13,51	14,81	13016	12,15	13,01
Mill products		18,30	18,50	16,64	15,07	16,47
Ingot, slab		7,78	9,38	8,63	7,80	8,59
Domestic market		11,93	13,96	17,90	20,75	23,77

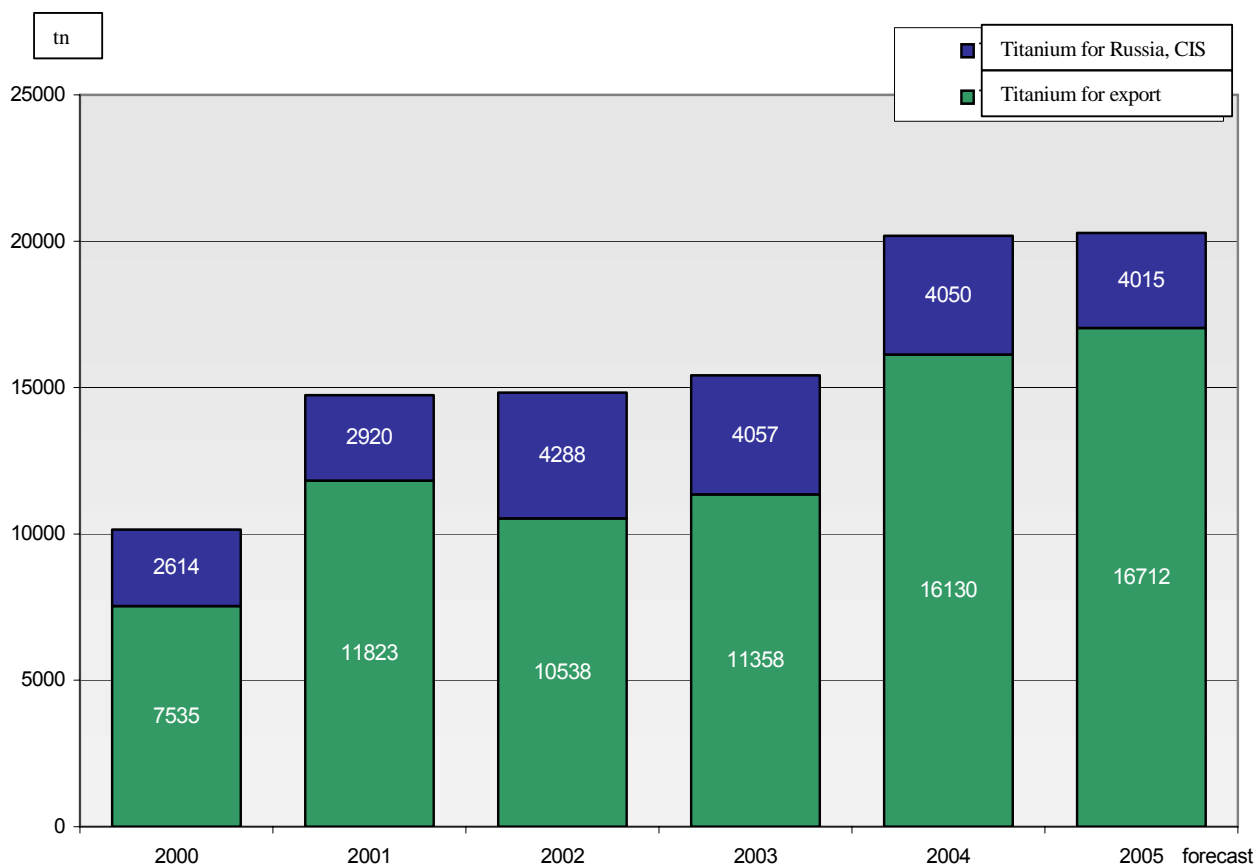
Sources: Companies' reports

Unlike its major competitors the Corporation features stable growth of the output and hence, stable increase of profit ensuring the possibility of reconstruction and development of its production facilities.

The main advantages of the Company in comparison with the competitors:

- existence of VSMPO-AVISMA Corporation ensuring the complete production cycle starting from ore materials to metallurgical semi-finished and finished products for machine building (heat-exchanging equipment and vessels);
- diversification allowing to transfer resources from the titanium sector for the purpose of manufacturing other types of products: aluminum, steel, ferrotitanium, and consumer goods;

**Fig.2. TITANIUM PRODUCTS SHIPPED BY VSMPO-AVISMA CORPORATION TO DOMESTIC AND FOREIGN MARKETS**



- VSMPO-AVISMA Corporation is an integrated manufacturer of titanium semi-finished products, and in contrast to its competitors the Company fulfills all manufacturing processes as well as inspection and tests on its own (without involving contractors);

- implementation of the program aimed at increasing the share of value-added products (die forging, welded pipe, sheet) instead of supplying ingot and slab consolidates VSMPO rating in the global titanium market.

The recent several years have been characterized by negative factors and tendencies that have affected the financial and economic activity of the Company:

- growth of expenditures due to cost increase of basic raw stock and materials, electricity rates and freight services;
- difficult situation at the sales markets of finished products hampering the Company's growth.

Magnesium market continued to expand during the recent years with simultaneous fall in prices for metal, which is explained by expansion of Chinese output of these products. The quality of Chinese magnesium continues to increase while maintaining its production and even reducing the prices. AVISMA have also been affected by the situation of reduction in magnesium products output – the tendency for decrease in demand for the Company's magnesium that has outlined in 2005 and decrease of the Company's profitability may result in reduction of these products output in the future.

The recession of titanium consumption in the world after the events of September 11, 2001 has ceased, and currently the market is recovering. The growing demand for titanium products and the rising profitability is the basis for production capacities increase. While maintaining the level of demand and high titanium prices, the Company intends to cover the losses caused by magnesium production decrease.

In these conditions the Company's sustainable development is based on maintaining and strengthening the image of the reliable supplier of quality products in the opinion of foreign and Russian partners as well as on constant reduction of production costs, mastering of value-added products.

## **V. DETAILS ON PERSONS INCLUDED IN THE ISSUER'S CONTROL AUTHORITIES, FINANCIAL AND ECONOMIC ACTIVITY CONTROL AUTHORITIES AND BRIEF INFORMATION ON ISSUER'S EMPLOYEES**

### **5.1 Structure and Competence of Issuer's Control Authorities**

**Company's Control Authorities** are:

- General meeting of shareholders;
- Board of Directors;
- Sole executive body (Director General)

The powers of the general meeting of shareholders (participants) shall be in accordance with the By-Laws (statutory documents):

**Solution of the following issues is included into the competence of the general meeting of shareholders:**

- introduction of changes and amendments into the By-Laws of the Company or approval a new revision of the By-Laws (except for cases stipulated by paras. 2-5 of Article 12 of the Federal Law on "Joint Stock Companies");
- reorganization of the Company;
- liquidation of the company, appointment of the liquidation committee and approval of interim and final liquidation balance sheets;
- determination of number of the members of the Board of Directors, election of members thereto and early termination of their authorities;
- election of the sole executive body;
- early termination of the authorities of the sole executive body;
- determination of number of the members of the Auditing Committee, election of the Auditing Committee and early termination of its authorities;
- approval of the Company's auditor;
- determination of the number, par value, category (type) of declared shares and the rights granted by such shares;
- increase of the registered capital of the Company by increasing the par value of shares;
- increase of the registered capital of the Company by placing additional shares in cases stipulated by the Federal Law and the Company By-Laws;
- increase of the registered capital of the Company by placing additional shares within the number and categories (types) of the declared shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders, if the Board of Directors fails to make the unanimous decision on this issue;
- decrease of the registered capital of the Company by reducing the par value of shares, purchasing part of shares by the Company for the purpose of reduction of their total number as well as redeeming shares having been acquired or repurchased by the Company (shares being at the Company's disposal);
- approval of annual reports, annual financial reports, including profit and loss reports (profit and loss accounts) of the Company as well as distribution of profit including payment (declaration) of dividends, and losses of the Company based on the results of the financial year;
- determination of the procedure for general meetings of shareholders;
- split and consolidation of shares;
- decision making in regard to approval of transactions in cases stipulated by Article 83 of the Federal Law on "Joint Stock Companies";
- decision making in regard to approval of major transactions in cases stipulated by clause 2 of Article



79 of the Federal Law on "Joint Stock Companies";

- decision making in regard to approval of major transactions in cases stipulated by clause 3 of Article 79 of the Federal Law on "Joint Stock Companies";
- decision making in regard to participation in holding companies, financial & industrial groups, associations and other associations of commercial organizations;
- approval of internal documents regulating the activities of the Company's Authorities;
- decision making in regard to remuneration and (or) compensation of expenses of the Auditing Committee associated with execution of its obligations during the effective period; determination of the size of such remuneration and compensation;
- decision making in regard to remuneration and (or) compensation of expenses of members of the Board of Directors associated with execution of the obligations of members of the Board of Directors within a period of executing their duties; determination of the size of such remuneration or compensation;
- decision making in regard to reimbursement, at the expense of the Company, of the expenses on preparation and holding the extra general meeting of shareholders incurred by persons and authorities who initiated such general meeting of shareholders;
- determination of the list of additional documents to be mandatory kept at the Company;
- other issues attributed by the Federal Law to the competence of the general meeting of shareholders.

The general meeting of shareholders has no right to review and take decisions on the issues not attributed to its competence based on the Federal Law and the By-Laws.

The general meeting of shareholders has no right to take decisions on issues not included into the agenda of the general meeting of shareholders as well as to change the agenda.

**Competence of the Board of Directors** shall be in accordance with the By-Laws:

the Board of Directors shall carry out general management of Company's activities except for taking decisions on issues attributed by the Federal Law and the By-Laws to the competence of the general meeting of shareholders.

The following issues shall be attributed to the competence of the Board of Directors:

- determination of priority trends of the Company's business;
- convocation of the annual general or extra meeting of shareholders except for cases stipulated by clause 8 of Article 55 of the Federal Law on "Joint Stock Companies";
- approval of the agenda of the general meeting of shareholders;
- determination of the date of drawing up the list of persons having the right to take part in the general meeting of shareholders and other issues attributed to the competence of the Board of Directors in accordance with provisions of Article VII of the Federal Law on "Joint Stock Companies" and connected with preparation and holding the general meeting of shareholders;
- preliminary approval of annual reports of the Company;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares by open subscription to ordinary shares in the amount of 25 % and less of the previously placed ordinary shares;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares by open subscription to preferred shares;
- allocation of additional shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders;
- allocation of debentures not convertible into shares and other emission securities not convertible into shares;
- approval of the decision on the issue of securities, the offering circular, the report on the results of the issue of securities, introduction changes and amendments thereof;
- determination of the price (pecuniary valuation) of the property, the price of allocation and repurchase of emission securities in cases stipulated by the Federal Law on "Joint Stock Companies";
- acquisition of the shares placed by the Company in accordance with clause 2 of Article 72 of the Federal Law on "Joint Stock Companies";

- acquisition of debentures placed by the Company and other securities in cases stipulated by the Federal Law on "Joint Stock Companies";
- approval of the report on shares acquisition results purchased in accordance with clause 1 of Article 72 of the Federal Law on "Joint Stock Companies";
- recommendations to the general meeting of shareholders in regard to the amount of remuneration and compensations to be paid to the members of the Auditing Committee of the Company;
- determination of the amount of payment for the services of the Auditor of the Company;
- recommendations to the general meeting of shareholders in regard to the amount of dividends on shares of all categories and the procedure for payment thereof;
- recommendations to the general meeting of shareholders in regard to the procedure for distribution of profits and losses of the Company based on the results of the financial year;
- use of the reserve and other funds of the Company;
- approval of internal documents of the Company except for internal documents regulating activities of Company's Authorities to be approved by the resolution of the general meeting of shareholders as well as other internal documents of the Company approval of which is attributed by the By-Laws to the competence of the sole executive body of the Company, introduction of changes and amendments into these documents;
- establishment and liquidation of affiliates, opening and closing down of representative offices of the Company, approval of provisions for affiliates and representative offices, introduction of changes and amendments thereto; appointment of managers of affiliates and representative offices and termination of their authorities;
- introduction of changes associated with establishment of affiliates, opening of representative offices and their liquidation into the Company By-Laws;
- approval of major transactions in cases stipulated by Article X of the Federal Law on "Joint Stock Companies";
- approval of transactions stipulated by Article XI of the Federal Law on "Joint Stock Companies";
- approval of the registrar of the Company and contract terms therewith as well as termination of the contract therewith;
- decision making in regard to auditing financial and economic activities of the Company at any time;
- appointment of the person authorized to sign the contract on behalf of the Company having the sole executive body;
- determination of the list of additional documents to be mandatory kept at the Company;
- approval of the contract by the person acting as a sole executive body of the Company;
- decision making in regard to termination of authorities of the sole executive body of the Company;
- other issues stipulated by the Federal Law on "Joint Stock Companies" and the By-Laws.

Issues attributed to the competence of the Board of Directors can not be submitted for decision making to the executive body of the Company.

**The competence of the sole and joint executive bodies of the issuer** shall be in accordance with its By-Laws (statutory documents):

Management of current activities of the Company shall be carried out by the Director General (the sole executive body of the Company).

The sole executive body shall report to the general meeting of shareholders and the Board of Directors.

All the issues of management of current activities of the Company except for the issues attributed to the exclusive competence of the general meeting of shareholders and the Board of Directors **shall be attributed to the competence of the Director General**.

The Director General shall arrange implementation of decisions of the general meetings of shareholders and the Board of Directors.

The Director General shall act without power of attorney on behalf of the Company. He shall:

- perform operational management of activities of the Company;
- have the right of first signature in financial documents;
- dispose of the assets of the Company for ensuring its current activities within the limits established by the By-Laws;
- represent the interests of the Company both within the Russian Federation and outside including foreign countries;

- approve staffing lists, conclude labor contracts with employees of the Company, apply incentives to them and impose penalties thereon;
- handle transactions on behalf of the Company except for the cases stipulated by the Federal Law on "Joint Stock Companies" and the By-Laws of the Company;
- issue powers of attorney on behalf of the Company;
- open accounts of the Company in the banks;
- organize book-keeping and reporting in the Company;
- issue orders and give instructions which are mandatory for execution by all employees of the Company;
- fulfill other functions required for achieving the objectives of the Company's activities and ensuring its standard operation in accordance with the current law and the By-Laws except for the functions attributed by the Federal Law on "Joint Stock Companies" and the By-Laws to other Control Authorities of the Company.

The Director General shall be elected by the general meeting of shareholders for a term of 4 years. The issuer has no code of corporate conduct (management) or any similar document.

For the last reporting period the following changes have been introduced into the issuer's By-Laws:

1. Two first paragraphs in item 7.1 of VSMPO-AVISMA Corporation Bylaws are amended and shall read as follows:  
7.1. The Company's authorized capital equals 11 529 538 (eleven million five hundred twenty nine thousand five hundred and thirty eight) rubles. It is constituted by the nominal value of shares acquired by the shareholders, including:  
- 11 529 538 (eleven million five hundred twenty nine thousand five hundred and thirty eight) ordinary registered shares with the nominal value of 1 (one) ruble each (placed shares).  
Paragraphs 9 and 10 in this item shall be deleted.
2. Para 1 in item 13.4.1. of VSMPO-AVISMA Corporation Bylaws is amended as follows:  
13.4.1. Notification on holding the General Meeting of Shareholders shall be submitted not later than 30 days prior to the date of the Meeting, unless a longer period is required by the legislation.
3. Item 14.2.5. is added to VSMPO-AVISMA Corporation Bylaws in the following wording:  
14.2.5. A member of the Board of Directors shall provide to the Company the information on the Company shares possessed by him, as well as purchasing and selling of the Company shares.
4. Item 15.5. of VSMPO-AVISMA Corporation Bylaws shall be enlarged with para. 2 in the following wording:  
15.5. Director General shall provide to the Company the information on the Company shares possessed by him, as well as purchasing and selling of the Company shares.

The full text of the current issue of the issuer's By-Laws and internal documents regulating activities of the Company's control authorities is provided for the open access in the Internet at web-site [www.vsm-po.ru/core.php?p=442](http://www.vsm-po.ru/core.php?p=442).

## **5.2. Persons included in the Issuer's Control Authorities**

### **Board of Directors:**

#### **Besedin, Vasily Alexandrovich, b. 1953**

Education: higher

Positions for the last 5 years:

Period: 2000 – 2001

Position: Deputy Production Director – Production Department Manager, JSC AVISMA

Period: 2001 – June 30, 2005

Position: Director of Maintenance, Reconstruction and Repairs, JSC AVISMA

Share in the issuer's authorized capital: none

Period: July 1, 2005 till present time

Position: Director of Maintenance, Reconstruction and Repairs, AVISMA affiliate of VSMPO – AVISMA Corporation

Share in the issuer's authorized capital: none

**Bresht, Vyacheslav Iosifovich, b.1953.**

Education: higher vocational

Positions for the last 5 years:

Period: 2000

Position: consultant to the Director General of JSC VSMPO

Period: 2000 – 2002

Position: Deputy Director General, Foreign Trade Activities, JSC VSMPO

Period: 2002 – June 2004

Position: Deputy Director General, Marketing and Sales, JSC VSMPO

Period: June 2004 till present time

Position: Chairman of the Board of Directors

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Dennis Kelly, b. 1946**

Education: Seton Hall University, Accounting

Positions for the last 5 years:

Period: 2000-2002

Position: Vice President, Strategic Planning, Metallurgist Group, New York

Period: 2003 till present time

Position: Vice President, Finance, Tirus US Company

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Melnikov, Nikolai Konstantinovich, b. 1955**

Education: higher vocational

Positions for the last 5 years:

Period: 1999 – 2001

Position: Deputy Production Director, JSC VSMPO

Period: 2001- 2003

Period: 2004 till present time

Position: Deputy Director General, Production Planning and Control, VSMPO – AVISMA Corporation

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**John Monahan, b. 1945**

Education: San Francisco College, Economy and History

Positions for the last 5 years:

Period: 2000

Position: Vice President, Sales and Marketing, Timet Company

Period: 2000 till present time

Position: President, Tirus US Company

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Rizanenko, Pavel Alexandrovich, b. 1975**

Education: bachelor

Positions for the last 5 years:

Period: 2001

Position: consultant, investment banking services, Troika-Dialog Company.

Period: 2001-2003

Position: vice-president, investment banking services, Troika-Dialog Company

Period: 2003 – 2005

Position: director, investment banking services, Troika-Dialog Company

Period: 2005 till present time

Position: director, investment banking services, Renaissance Capital

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Tetyukhin, Vladislav Valentinovich, b. 1932**

Education: higher vocational

Positions for the last 5 years:

Period: 2000-2005

Position: Director General of JSC VSMPO

Period: 2005 till present time

Position: Director General of VSMPO-AVISMA Corporation

Period: 2000 – June 30, 2005

Position: Director General of JSC AVISMA

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Sole Executive Body:**

**Tetyukhin, Vladislav Valentinovich, b. 1932.**

### **5.3. Remuneration, Benefits and/or Compensation of Expenses of Each Issuer's Control Authority**

Total income of all the members of the Board of Directors for 2004: 4'221'896,37 rubles, including:

- in accordance with the Regulations for the Board of Directors, remuneration for 2004 was not paid to the members of the Board of Directors;
- the salary of the members of the Board of Directors who are staff employees of VSMPO-AVISMA Corporation for 2004 is 4'221'896,37 rubles in accordance with the staff list of VSMPO-AVISMA Corporation.

### **5.4. Structure and Competence of the Issuer's Financial & Economic Control Authorities**

Financial, economic and legal activities of the Company shall be controlled by the Internal Auditing Committee.

Any shareholder or any person nominated by the shareholder may become a member of the Internal Auditing Committee.

The members of the Internal Auditing Committee of the Company may not concurrently be the members of the Board of Directors or the executive bodies of the Company.

The Internal Auditing Committee shall be elected at the annual general meeting of shareholders for 1 year-period and shall consist of at least three persons.

The Internal Auditing Committee shall elect a chairman and a secretary of the Internal Auditing Committee from its members.

Control (audit) of financial and economic activities of the Company is carried out on the basis of the Company annual performance results, as well as at any time on initiative of the Auditing Committee, according to resolution of the general meeting of shareholders or the Board of Directors, or upon request from the shareholder (shareholders) of the Company holding in aggregate not less than 10 percent of the voting shares.

The following is attributed to the competence of the Internal Auditing Committee:

- audit of financial documentation of the Company, accounting reports, statements of the property inventory committee and comparison of the abovementioned documents with primary accounting records;
- review of accounting, taxation, management and statistical books for accuracy and comprehensiveness;
- review of financial status of the Company, its solvency, liquidity of assets, own funds to borrowings ratio, net assets and the authorized capital, identification of reserves for improvement of economic status of the Company, development of recommendations for control authorities of the Company;
  - review of timeliness and accuracy of payments made to suppliers of products and services, payments to the budget and off-budget funds, charges and payments of dividends, interests on debenture bonds, repayment of other liabilities;
- confirmation of data adequacy included in the annual reports of the Company, annual accounts, income statements (profit and loss accounts), profit allocation, reporting documentation for tax and statistical purposes, state administration authorities;
- verification of competence of Director General with regard to conclusion of contracts on behalf of the Company;
- verification of competence of resolutions adopted by the Board of Directors, the Director General, the Liquidation Committee and their compliance to the By-Laws and resolutions adopted by the general meeting of shareholders;
  - review of resolutions adopted by the general meeting of shareholders for their compliance to the law and By-Laws.

The Internal Auditing Committee has the right to:

- request personal explanation from the members of the Board of Directors, employees of the Company including any officers, on the issues attributed to the competence of the Internal Auditing Committee;
- bring to the attention of the control authorities the issue with regard to the responsibility of the employees of the Company including the officers in case of their violation of the By-Laws, provisions, regulations and instructions approved by the Company;
- recruit specialists who are not staff employees of the Company on a contractual basis.

Upon request of the Internal Auditing Committee persons occupying positions in the control authorities of the Company shall submit reports disclosing financial and economic activities of the Company.

The Internal Auditing Committee has the right to request to call an extraordinary general meeting of shareholders according to the procedure set forth in the By-Laws.

Based on the audit of financial and economic activities of the Company the Internal Auditing Committee draws up a conclusion that includes the following:

- confirmation of data adequacy included in the reports and other financial documents of the Company;
- information on facts of violation of the accounting procedure and financial presentation stipulated by the legal acts of the Russian Federation, as well as of the legal acts of the Russian Federation when conducting financial and economic activities.

## **5.5. Members of Financial & Economic Control Authorities**

### **Members of the Internal Auditing Committee:**

**Ryzhova, Tatyana Eliseyevna**, b.1950.

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 till present time

Position: Chairman of the Internal Auditing Committee

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Zabolotskaya, Natalia Mikhailovna**, b. 1973.

Education: higher

Positions for the last 5 years:

Period: 2001 – 2002

Position: accounting system expert

Period: 2002 – 2005

Position: assistant manager

Period: 2005 till present time

Position: Auditor, Financial and Economic Issues

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Tanaev, Alexander Fedotovich**, b. 1934

Education: higher

Positions for the last 5 years:

Period: 2000 till present time

Position: head of the auditing department

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Pryanichnikova, Nadezhda Ivanovna**, b. 1950.

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 – 2002

Position: Accountant, shop 16

Period: 2002 till present time

Position: Auditor, Financial and Economic Issues

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

**Uglov, Oleg Borisovich**, b. 1973.

Education: higher

Positions for the last 5 years:

Period: 1999 – 2002

Position: senior specialist, Security Service

Period: 2002 – 2005

Position: senior specialist, economic security

Period: 2005 till present time

Position: senior specialist, group leader

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

## **5.6. Remuneration, Benefits and/or Compensation of Expenses of Financial & Economic Control Authorities**

Total income of all members of the Internal Auditing Committee employed on a regular basis for 2004 is 883`661, 21 rubles.

Based on the resolution adopted by the annual general meeting of shareholders of VSMPO-AVISMA Corporation as of June 10, 2005 the amount of remuneration to be paid to the members of the Internal Auditing Committee for the last completed financial year is 100 000 rubles.

## **5.7. Number of the Issuer Employees, Education and Structure of the Issuer Employees and Changes in the Number of Employees**

No information is provided for this reporting period.

## **5.8. Issuer's Obligations to the Staff (Employees) Associated with their Participation in the Issuer's Authorized Capital**

There are no agreements or obligations concerning the possibility of the issuer's staff (employees) participation in the authorized capital.

# **VI. SHAREHOLDERS AND INTEREST TRANSACTIONS OF THE ISSUER**

## **6.1. Total Number of Shareholders**

The number of persons registered in the Shareholders' Register as at the close date of the reporting quarter is 5 220, including 13 nominal shareholders.

## **6.2. Shareholders Holding not less than 5% of the Issuer's Authorized Capital or not less than 5% of the Issuer's Ordinary Shares, as well as Shareholders of such Persons Holding not less than 20 % of their Authorized Capital or not less than 20% of their Ordinary Shares**

Full and abbreviated name of the nominal shareholder of the issuer:

**Closed Joint Stock Company "Depository and Clearing Company" (CJSC "D&CC")**

Address: 31, Building B, Shabolovka St., Moscow, 115162

Telephone: (095) 956-09-99

Facsimile: (095) 232-68-04

Email: [dcc@dcc.ru](mailto:dcc@dcc.ru)

License No. 177-062-36-000100 as of 09.10.02. granted by the Federal Service for Financial Markets of Russia to the professional securities market participant for open-ended depository activity.

Share in the issuer's authorized capital: 75.3153%.

Portion of the issuer's ordinary shares it holds: 75.3153%.

Full and abbreviated name of the nominal holder of the issuer:

**Closed Joint Stock Company ING BANK (Eurasia) (CJSC ING BANK (Eurasia))**

Address: 36, Krasnoproletarskaya, Moscow, 123022.

Telephone: (095) 755-54-00

Facsimile: (095) 755-54-99

Email: [mail@ibimos.ru](mailto:mail@ibimos.ru)

License No. 177-03728-000100 granted by the Federal Service for Financial Markets of Russia to the professional securities market participant for open-ended depository activity

Share in the issuer's authorized capital: 6,4497%.

Portion of the issuer's ordinary shares it holds: 6,4497%.



Full and abbreviated name of the nominal holder of the issuer:

**Closed Joint Stock Company “Citybank” Commercial Bank (CJSC “Citybank”)**

Address: 8-10, Gashek St., Moscow, 125047.

Telephone: (095) 725-10-00

Facsimile: (095) 725-67-00

License No. 177-02719-000100 as of 01.11.00. granted by the Federal Service for Financial Markets of Russia to the professional securities market participant for open-ended depository activity

Share in the issuer’s authorized capital: 8.6251%.

Portion of the issuer’s ordinary shares it holds: 8.6251%.

### **6.3. State or Municipal Share in the Issuer’s Authorized Capital. Special Right (“Golden Share”)**

The State has no share in the issuer’s authorized capital. Special right (“golden share”) to participation of the Russian Federation, subjects of the Russian Federation, and municipal formations in management of the issuer is not stipulated.

### **6.4. Restricted Participation in the Issuer’s Authorized Capital**

The By-Laws do not provide for any restrictions on the number of shares that may be held by one shareholder and/or on their total par value and/or maximum number of votes that may be granted to one shareholder.

Neither the law of the Russian Federation nor other statutory acts provide for restrictions on the foreign share in the issuer’s authorized capital.

There are no any other restrictions related to participation in the issuer’s authorized capital.

### **6.5. Changes in Structure and Share of the Issuer’s Shareholders Holding not less than 5% of its Authorized Capital or not less than 5% of its Ordinary Shares**

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **23.04.2001**.

Full and abbreviated corporate name: Closed Joint Stock Company “Soyuz VS” (CJSC “Soyuz VS”)

Share in the issuer’s authorized capital: 38,6098

Portion of the ordinary shares it holds: 38,6098

Full and abbreviated corporate name: Joint Stock Company “Avitrans” (JSC “Avitrans”)

Share in the issuer’s authorized capital: 8,1922

Portion of the ordinary shares it holds: 8,1922

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the issuer’s authorized capital: 15,5

Portion of the ordinary shares it holds: 15,5

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **09.04.2002**.

Full and abbreviated corporate name: Closed Joint Stock Company “Soyuz VS” (CJSC “Soyuz VS”)

Share in the issuer’s authorized capital: 38,6110

Portion of the ordinary shares it holds: 38,6110

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the issuer’s authorized capital: 17,6037

Portion of the ordinary shares it holds: 17,6037

Full and abbreviated corporate name: Nikitas Brokerage Limited  
Share in the issuer's authorized capital: 14,1312  
Portion of the ordinary shares it holds: 14,1312

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **10.04.2003**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")  
Share in the issuer's authorized capital: 42,9003  
Portion of the ordinary shares it holds: 42,9003

Full and abbreviated corporate name: Nikitas Brokerage Limited  
Share in the issuer's authorized capital: 13,1082  
Portion of the ordinary shares it holds: 13,1082

Full and abbreviated corporate name: JSC AVISMA Titanium and Magnesium Works (JSC AVISMA)  
Share in the issuer's authorized capital: 17,7025  
Portion of the ordinary shares it holds: 17,7025

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **05.12.2003**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")  
Share in the issuer's authorized capital: 8,1595  
Portion of the ordinary shares it holds: 8,1595

Full and abbreviated corporate name: Limited Liability Company "RENOVA-INVESTMENTS"  
(RENOVA-INVESTMENTS LLC)  
Share in the issuer's authorized capital: 5,5941  
Portion of the ordinary shares it holds: 5,5941

Full and abbreviated corporate name: Colbridge Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Colgrove Limited  
Share in the issuer's authorized capital: 6,3526  
Portion of the ordinary shares it holds: 6,3526

Full and abbreviated corporate name: Finecroft Limited  
Share in the issuer's authorized capital: 11,2499  
Portion of the ordinary shares it holds: 11,2499

Full and abbreviated corporate name: Maxbay Limited  
Share in the issuer's authorized capital: 6,3517  
Portion of the ordinary shares it holds: 6,3517

Full and abbreviated corporate name: Rockcastle Enterprises Limited  
Share in the issuer's authorized capital: 5,0812  
Portion of the ordinary shares it holds: 5,0812

Full and abbreviated corporate name: Winfair Limited  
Share in the issuer's authorized capital: 10,4888  
Portion of the ordinary shares it holds: 10,4888

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **29.03.2004.**

Full and abbreviated corporate name: Deplex Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited  
Share in the issuer's authorized capital: 12,0164  
Portion of the ordinary shares it holds: 12,0164

Full and abbreviated corporate name: Coldsteam Limited  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **05.08.2004.**

Full and abbreviated corporate name: Deplex Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited  
Share in the issuer's authorized capital: 12,0206  
Portion of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **22.11.2004.**

Full and abbreviated corporate name: Deplex Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited  
Share in the issuer's authorized capital: 12,0206  
Portion of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **28.04.2005.**

Full and abbreviated corporate name: Deplex Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited  
Share in the issuer's authorized capital: 20,0000  
Portion of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited  
Share in the issuer's authorized capital: 12,0206  
Portion of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd  
Share in the issuer's authorized capital: 10,0134  
Portion of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to participate in the general meeting of shareholders was made: **15.08.2005.**

Full and abbreviated corporate name: Deplex Limited  
Share in the issuer's authorized capital: 18,2536  
Portion of the ordinary shares it holds: 18,2536

Full and abbreviated corporate name: Finebond Limited  
Share in the issuer's authorized capital: 18,2536  
Portion of the ordinary shares it holds: 18,2536

Full and abbreviated corporate name: Osengo Investments limited  
Share in the issuer's authorized capital: 12,9370  
Portion of the ordinary shares it holds: 12,9370

Full and abbreviated corporate name: Coldsteam Limited  
Share in the issuer's authorized capital: 9,5923  
Portion of the ordinary shares it holds: 9,5923

Full and abbreviated corporate name: Multibrook Ltd  
Share in the issuer's authorized capital: 9,5923  
Portion of the ordinary shares it holds: 9,5923

## **6.6. Interest Transactions of the Issuer**

There were no interest transactions during the last reporting quarter.

## **6.7. Accounts Receivable**

No information is provided for the last reporting period.

# **VII. ISSUER'S FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION**

## **7.1. Annual Financial Statements of the Issuer**

The annual financial statements of the issuer for the last completed financial year are included into the quarterly report for the first quarter.

## **7.2. Quarterly Financial Statements of the Issuer for the Last Completed Reporting Quarter**

No information is provided for the last reporting period.

## **7.3. Consolidated Financial Statements of the Issuer for the Last Complete Financial Year**

The consolidated financial statement of the issuer is included into the quarterly report for the second quarter.

## **7.4. Accounting Policy of the Issuer**

Accounting policy for the purpose of accounting and tax registration was put into effect based on Order No. 54 dated February 1, 2005.

For the purpose of accounting the major items of the accounting policy are as follows:

- the following is attributed to fixed assets: buildings, structures, operating and power machines and equipment, measuring and control gages and devices, computer facilities, vehicles, tooling, production inventory and household equipment and appliances, longstanding plantations, internal roads and other corresponding objects;
- the Company includes in the fixed assets the apartments owned by the Company based on the ownership except for the cases when the apartments are purchased for resale or transfer for repayment of any liabilities (in this case apartments are accounted as goods). Regardless of the fact of using apartments for renting purposes they are not transferred to the profitable investments;
- revaluation of fixed assets objects is not performed;
- amounts of accrued depreciation for the objects of fixed assets are reflected in accounting by means of accumulation of corresponding sums on account 02 "Fixed Assets Depreciation". Charged amount of fixed assets depreciation is reflected in the accounting for the credit of account 02 "Fixed Assets Depreciation" in correspondence with accounts for accounting of production expenses and sales costs. As for the fixed assets given in rent or for free use, depreciation shall be charged for account 91 "Other income and Expenses";
- depreciation shall be charged on a monthly basis by the linear method;
- construction in progress is reflected in accounting and reports for actual expenses related thereof;
- the following objects can be attributed to intangible assets: intellectual property objects (exclusive right to the results of intellectual activities); exclusive right of the patent holder to the invention, industrial prototype, utility model; exclusive copyright to computer software, data bases; property right of the owner or other right owner to topologies of integrated circuits; exclusive right of the owner to the trademark and service designation, the name of goods origin location; exclusive right of the patent holder to selection achievements;
- works associated with scientific (research), scientific and technical activities and experimental developments stipulated by the Federal Law No. 127-FZ on "Science and State Scientific & Technical Policy" dated 23.08.96 are attributed to research works;

- expenses for research and product developments are accounted separately on the individual sub-account to account 08 "Investments in non-current assets";
- the following assets are attributed to inventories: used as raw and other materials etc. when manufacturing products designated for sale (operations, services); designated for sale including finished products and goods; used for administrative needs of the Company;
- inventories are accounted on the balance account 10 "Materials" based on the actual cost generated prior to the date of their actual receipt at the warehouse;
- transport and procurement expenses (T&PE) of the Company are accounted by attributing T&PEs to a separate sub-account to account "Materials";
- writing-off of T&PEs by separate types or groups of materials is carried out in proportion to the accounting cost of materials based on the ratio of the amount of balance of T&PEs at the beginning of the month (reporting period) and current T&PEs for the month (reporting period) to the amount of balance of materials at the beginning of the month (reporting period) and materials supplied during the month (reporting period) at the accounting cost;
- financial investments are investments of the Company's funds in registered (stock) capitals of other companies, securities, joint activities, loans given to other companies for the purpose of taking part in profit allocation, dividends, interests or other income.

VAT in accordance with the accounting policy shall be calculated based on the proceeds for the payment date. Income and expenses for profit tax calculation are determined by the charging method in accordance with the Tax Code provisions.

### **7.5. Total Exports and its Share in Total Sales**

No information is provided for the last reporting period.

### **7.6. Issuer's Real Assets Cost and Significant Changes in the Issuer's Assets since the Close Date of the Last Complete Financial Year**

Total value of the real assets as of 01.01.2006: 2'095'734'653 roubles.

Accumulated Amortization: 842'612'749 roubles.

Real assets were not evaluated during 12 months prior the closing date of the reporting quarter.

### **7.7. Participation of the Issuer in Legal Proceedings in case such Participation could have a Significant Effect on Financial and Economic Activities of the Issuer**

The issuer has not taken part in any proceedings which could have a significant effect on financial and economic activities of the issuer.

## **VIII. ADDITIONAL INFORMATION ON THE ISSUER AND SECURITIES PLACED**

### **8.1. Additional Information on the Issuer**

#### **8.1.1. Size and Structure of the Issuer's Authorized Capital**

**Size of the authorized capital as of 01.01.2006: 11'529'538 roubles.**

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11'529'538 pcs.

Total par value: 11'529'538 roubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

#### **8.1.2. Changes in the Size of the Authorized Capital of the Issuer**

**Size of the authorized capital as of 12.07.2002: 10`625`600 rubles.**

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 10`625`600 pcs.

Total par value: 10`625`600 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: general meeting of shareholders

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 24.05.2002.

**Size of the authorized capital as of 01.07.2005: 11`530`508 rubles.**

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`530`508 pcs.

Total par value: 11`530`508 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: general meeting of shareholders

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 21.09.2004.

**Size of the authorized capital as of 21.07.2005: 11`529`538 rubles.**

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`529`538 pcs.

Total par value: 11`529`538 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: Board of Directors

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 02.07.2005.

***8.1.3. Formation and Use of the Reserve Fund and other Funds of the Issuer***

Name of the fund: reserve fund

Size of the fund established by the statutory documents: the Company shall establish the reserve fund in the amount of 25 % of the Company's authorized capital in accordance with clause 20.2. of current Revision of By-Laws.

**Size of the fund as at 01.01.2006: 668`000 rubles**

Size of the fund in percentage of the authorized capital: 5.9

***8.1.4. Procedure for Calling and Holding of the General Meeting of the Superior Control Authority of the Issuer***

Name of the superior control authority of the issuer: **general meeting of shareholders.**

Procedure for notification of shareholders of the general meeting of the superior control authority of the issuer:

At least 20 day notice of the general meeting of shareholders and 30 day notice of the general meeting of shareholders if the agenda includes the issue on reorganization shall be submitted before the date of the meeting.

Within the aforesaid dates the notice of the general meeting of shareholders shall be published in the Novator newspaper, as well as within the aforesaid dates the notice of the general meeting of shareholders shall be forwarded to each person enumerated in the list of persons entitled to participate in the general meeting of shareholders by the registered letter or handed over to each of the specified persons against the signature.

The company has the right to additionally notify shareholders of the general meeting of shareholders via mass media (TV, radio) as well as via Internet.

Persons (bodies) having the right to call (require) an extraordinary meeting of the superior control authority:

The extraordinary general meeting of shareholders is carried out in accordance with the decision of the Board of Directors based on its own initiative, the requirement of the Internal Auditing Committee, Company's auditor as well as shareholders (a shareholder) holding not less than 10 % of the voting shares of the Company as of the date of such requirement.

The extraordinary general meeting of shareholders upon request of the Internal Auditing Committee, Company's auditor or shareholders (a shareholder) holding not less than 10 % of the voting shares of the Company shall be called by the Board of Directors.

The procedure for establishing the date of the meeting of the superior control authority of the issuer:

The company shall hold the annual general meeting of shareholders every year not earlier than 2 months and not later than 6 months after completion of the financial year.

The convocation of the annual and extraordinary general meetings of shareholders except for the cases stipulated by clause 8 of Article 55 of the Federal Law on "Joint Stock Companies" is attributed to the competence of the Board of Directors.

Persons having the right to make proposals to the agenda of the meeting of the superior control authority of the issuer as well as the procedure for introduction of such proposals:

Shareholders (a shareholder) holding together not less than 2 percent of the voting shares of the Company have the right to introduce items into the agenda of the annual general meeting of shareholders.

Such proposals shall be submitted to the Company not later than 30 days after the end of the financial year.

The proposal for introduction of items into the agenda of the general meeting of shareholders shall include the statement of each item proposed.

The proposal for introduction of items into the agenda of the general meeting of shareholders can include the statement of the resolution for each item proposed.

Proposals for introduction of items into the agenda of the general meeting of shareholders and nomination of candidates shall be made in writing including the name (designation) of the shareholders (a shareholder) who presented them, the number and the category (type) of shares held by them and shall be signed by the shareholders (a shareholder).

The Board of Directors shall review the proposals submitted and take a decision on introduction them into the agenda of the general meeting of shareholders or on refusal to include them into agenda not later than 5 days after completion of dates of proposals for the agenda of the annual general meeting to be submitted to the Company in accordance with the By-Laws and nomination of the candidates to the Board of Directors and the Internal Auditing Committee as well as a candidate for the post of the Director General.

The item proposed by the shareholders (a shareholder) shall be included into the agenda of a general meeting of shareholders, as well as nominated candidates shall be included into the list of nominees for voting for elections to the relevant authority of the Company, except for cases when:

- shareholders (a shareholder) fail to meet the deadlines, established by the By-Laws, for introduction of items into the agenda and nomination of candidates for the annual general meeting of shareholders;
- shareholders (a shareholder) fail to meet the deadlines, established by the By-Laws, for nominating candidates for election as members of the Board of Directors at the extraordinary general meeting of shareholders;



- shareholders (a shareholder) are not considered to be holders of the number of voting shares of the Company in accordance with clauses 1 and 2 of Article 53 of the Federal Law on “Joint Stock Companies”;
- the proposal does not meet the requirements stated in clauses 3 and 4 of Article 53 of the Federal Law on “Joint Stock Companies” and the requirements of the By-Laws based thereof;
- the item proposed for introduction into the agenda of the general meeting of shareholders is not attributed to its competence by the law and the By-Laws and (or) does not meet the requirements of the Federal Law on “Joint Stock Companies” and other legal acts of the Russian Federation.

The justified decision of the Board of Directors in regard to the refusal to introduce the proposed item into the agenda of the general meeting of shareholders or a candidate into the list of nominees for voting for elections to the corresponding authority of the Company shall be forwarded to shareholders (a shareholder) who introduced the item or nominated the candidate not later than 3 days of the date of its adoption.

The Board of Directors has no right to make changes in the statements of items proposed for introduction into the agenda of the general meeting of shareholders and statements of resolutions related to such items.

In addition to the items proposed by shareholders for introduction into the agenda of the general meeting of shareholders as well as in case of lack of such proposal and lack of or insufficient number of candidates nominated by shareholders for forming the corresponding authority, the Board of Directors is entitled to include the items in the agenda of the general meeting of shareholders or candidates in the list of nominees at its discretion.

Persons who have the right to get acquainted with the information (documents) submitted for preparation and holding the meeting of the superior control authority of the issuer as well as the procedure for getting acquainted with such information (documents):

In accordance with the Federal Law on “Joint Stock Companies”, the above-mentioned is related to the persons having the right to participate in the general meeting of shareholders.

The list of persons having the right to participate in the general meeting of shareholders shall be drawn up on the basis of data of the register of Company’s shareholders.

The procedure for getting acquainted with information submitted for preparation of the meeting of shareholders – at the location of the executive bodies of the Company; during the general meeting of shareholders at the place where it is held; in other places specified in the notice of the general meeting of shareholders; upon shareholder’s request during not more than five days at that the payment for copies can not exceed their cost; in the office of the sole executive body.

### ***8.1.5. Commercial Organizations in Which the Issuer Holds not less than 5% of the Registered (Stock) Capital (Share Fund) or not less than 5% of Ordinary Shares***

Commercial organizations in which the issuer holds not less than 20% of the registered (stock) capital (share fund), or not less than 20% of ordinary shares are indicated in para. 3.5.

8.1.5.1. Full and abbreviated corporate name:

**Limited Liability Insurance Company “Salda-ASKO” (Insurance Company “Salda-ASKO” LLC)**

Location: 71 A, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760

Participatory share of the issuer in the registered capital of the subsidiary: 14%

Participatory share of the subsidiary in the issuer’s registered capital: 0

8.1.5.2. Full and abbreviated corporate name:

**Closed Joint Stock Company “International Association Titan” (ZAO “Association Titan”)**

Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760

Participatory share of the issuer in the registered capital of the company: 18.9%

Portion of the ordinary shares of the subsidiary held by the issuer: 18.9%

### ***8.1.6. Material Transactions Effected by the Issuer***

Material transactions effected by the Issuer, the size of liabilities under which equals 10% and more of the book value of the issuer’s assets according to its financial report for the last complete reporting pe-

riod preceding the date of such transactions have not been registered.

### **8.1.7. Credit Ratings of the Issuer**

No credit rating (ratings) has been given to the issuer and/or issuer's securities.

## **8.2. Categories (Types) of the Issuer's Shares**

### *Cancelled issues of shares:*

State registration number of the first issue: 62-1P-189

State registration date: 28.04.1993. The issue is cancelled.

State registration number of the second issue: 1-02-30202-D

State registration date: 6.04.1998. The issue is cancelled.

State registration number of the third issue: 1-03-30202-D

State registration date: 22.05.1998. The issue is cancelled.

### *Shares in circulation:*

Category of shares: ordinary

Par value of each share: 1 ruble

Number of shares in circulation: 11`529`538

State registration date: 11.11.2004.

The Company has the right to place, in addition to the already placed shares, the following categories of shares (declared shares):

- preferred shares in the amount of 2`500`000 (two million five hundred thousand) pcs. at the par value of 1 rub. per share.

### **Declared preferred shares shall give the following rights:**

- the right to annual receipt of the dividend in the amount of 2.25 of the par value;
- preferential right compared to ordinary shares to receive accrued but not paid dividends;
- preferential right to receive the portion of the cost of assets (liquidation value) on preferred shares which remained after liquidation of the Company.

### **Rights granted to the shareholders:**

General rights of the holders of shares of all categories (types):

- to dispose the shares belonging to them without the consent of other shareholders and the Company according to the procedure stipulated by the By-Laws;

- Company shareholders who voted against or did not take part in voting with regard to allocation, by closed subscription, of shares and emission securities convertible into shares, have the priority right to purchase additional shares and emission securities convertible into shares allocated by means of closed subscription in the amount proportional to the number of shares of this category (type) belonging to them.

This right shall not apply to allocation of shares and other emission securities convertible into shares carried out by means of closed subscription only among the shareholders, if, at that, shareholders have the possibility to purchase the integer number of allocated shares and other emission securities convertible into shares in proportion to the number of shares of the corresponding category (type) belonging to them;

- to receive the part of net profit (dividends) subject to distribution among the shareholders according to the procedure stipulated by the law and by the Company By-Laws depending on the category (type) of shares belonging to him;

- to receive the part of the Company assets (liquidation quota) which remained after liquidation of the Company in proportion to the number of shares of the corresponding category (type) held by him;

- to have access to the Company documents according to the procedure stipulated by the law and the Company By-Laws, and to receive copies thereof at a charge;
- to delegate all or some of the rights granted by the share of the corresponding category (type) to the representative (representatives) based on power of attorney;
- to exercise other rights stipulated by the law of the Russian Federation, the Company By-Laws as well as resolutions of the general meeting of shareholders made within its competence.

### **Ordinary shares:**

Each ordinary share of the Company has the similar par value and grants shareholders – their owners - the same scope of rights.

Ordinary shares of the Company are considered to be voting shares with regard to all issues within the competence of the general meeting.

Shareholders – the owners of the ordinary shares of the Company – may, according to the Federal Law on “Joint-Stock Companies”, participate in general meetings of shareholders with the voting authority in regard to all the issues within its competence.

Shareholders – the owners of the ordinary shares - have the right to receive dividends, but only after the holders of preferred shares, the size of dividends for which is specified in the Company By-Laws.

Shareholders – the owners of the ordinary shares - may participate in allocation of assets in case of liquidation of the Company in the third priority, after payments on shares which should be redeemed in the first place, after payment of accrued but unpaid dividends on preferred shares and after payment of part of the cost of the assets (liquidation value) which remained after liquidation of the Company on preferred shares (second priority).

### **Preferred shares:**

Preferred shares of the Company of the same type have the similar par value and grant shareholders – the owners - the same scope of rights.

Shareholders – owners of the preferred shares - have the right to take part in general meetings of the Company without the voting authority, except for cases stipulated by the current law of the Russian Federation and the Company By-Laws.

A shareholder – the owner of the preferred shares - participates in the general meeting of shareholders with the voting authority when solving the issues on reorganization of the Company.

A shareholder – the owner of the preferred shares – has the preferential right compared to the holders of ordinary shares to receive:

- dividends in amounts and according to the procedure stipulated by the current By-Laws;
- accrued but not paid dividends upon liquidation of the Company;
- part of the cost of the Company’s assets (liquidation value) remaining upon its liquidation.

The size of annual dividend per one preferred share is determined at the rate of 9 par values of one preferred share.

### **Voting shares:**

A voting share is a share giving the shareholder – its owner – the voting authority with regard to either all the issues within the competence of the general meeting or individual issues stipulated by the Federal Law.

A share gives the vote with regard to all issues within the competence of the general meeting if it is:

- a fully paid up ordinary share except for shares being at the Company’s disposal;
- a preferred share the amount of the dividend on which is determined in the By-Laws starting from the meeting following the annual general meeting at which, irrespective of the reasons therefore, no decision on payment of dividends or the decision on incomplete payment of the dividends on preferred shares was made. The right of shareholders – owners of preferred shares - to participate in the general

meeting of shareholders with the vote is terminated of the date of full payment of dividends on specified shares.

The preferred share of any type gives the vote when solving the issue on reorganization and liquidation of the Company.

The preferred share of the specific type gives the vote when solving the issue on introduction of changes and amendments into the By-Laws, limiting the rights of shareholders – the owners of preferred shares of this type - including cases of determination or increase of the amount of the dividend and (or) determination or increase of the liquidation value paid on preferred shares of the preceding priority as well as granting the shareholders – owners of the preferred shares - another type of advantages in the order of priority for payment of dividend and (or) the liquidation value of shares.

Shares voting on all the issues within the competence of the general meeting of shareholders grant their owners the following rights:

- to take part in attendee or absentee voting at general meetings with regard to all issues within its competence;
- to nominate candidates and to elect them to Company's authorities according to the procedure and under conditions established by the law and the By-Laws;
- to introduce proposals into the agenda of the annual general meeting of shareholders according to the procedure and under conditions established by the law and the By-Laws;
- to elect the working bodies of the meeting in cases stipulated by the By-Laws;
- to require convocation of the special general meeting of shareholders or audit of the financial and economic activities of the Company by the Auditing Committee of the Company according to the procedure and under conditions established by the law and the By-Laws;
- to require repurchasing by the Company of all or a portion of shares belonging to them according to the procedure and in cases stipulated by the Federal Law on "Joint Stock Companies";
- to require convocation of the meeting of the Board of Directors according to the procedure and under conditions stipulated by the By-Laws.

Preferred shares voting only on specific issues within the competence of the general meeting of shareholders grant their owners the following rights:

- to take part in attendee or absentee voting at general meetings only when solving such specific issues;
- to require repurchasing by the Company of all or a portion of the shares belonging to them in cases established by the Federal Law.

### **8.3. Previous Issues of Securities, except for the Issuer's Shares**

No issues of issuer's securities except for its shares have been made.

### **8.4. Person (Persons) who Provided Security for Debentures of the Issue**

No debentures have been issued.

### **8.5. Terms and Conditions for Discharge of Obligations for Debentures of the Issue**

No debentures have been issued.

### **8.6. Organizations Keeping Records of Rights for the Issuer's Securities**

Full and abbreviated corporate name:

**Open Joint Stock Company "Central Moscow Depository" (JSC "CMD")**

Location: 3, Orlikov per., building B, Moscow, Russia, 107078

Postal Address: 34, Bolshaya Pochtovaya St., building 8, Moscow, Russia, 105082

License No. 10-000-1-00255 dd. 13.09.2002.

Validity of the license: not limited

Authority which issued the aforesaid license: Federal Commission for the Securities Market of Russia

No centralized custody of the issuer's securities has been accomplished in the reporting quarter.

### **8.7. Legislation Regulating Import and Export of the Capital, Effecting Payment of Dividends, Interest and Other Payments to Non-Residents**

- Civil Code of the Russian Federation
- Law of the Russian Federation No. 3615-1 on "Currency Regulation and Currency Control" dated 09.10.1992
- Resolution of the Government of the Russian Federation No. 699 dated 24.09.2002 on "Procedure for Issuing Authorizations to Residents for Deferral of Payment for the Period of more than 90 Days with regard to Export of Goods (Operations, Services, and Intellectual Activity Results)".
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation No. 91-I and No.01-11/28644 dated 04.10.2000 on "Procedure for Currency Control over Justification of Imported Goods Payment to Residents"
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation No.86-I and No.01-23/26541 dated 13.10.1999 on "Procedure for Currency Control over Receipt of Proceeds from Export of Goods in the Russian Federation"
- Tax Code of the Russian Federation

### **8.8. Taxation of Income from the Issuer's Securities Placed and Being Placed**

The procedure and conditions of taxation of physical persons (both for taxable residents of the Russian Federation and for those who receive income from sources in the Russian Federation) on income such as dividends and interests received from the issuer of securities, and income from sales of shares and other securities of the issuer in the Russian Federation or outside, are determined by Article 214.1 of the Tax Code of the Russian Federation.

The rates of corresponding taxes are determined by Article 224 of the Tax Code of the Russian Federation.

The procedure and conditions of taxation of legal persons (both Russian and foreign organizations conducting their activities in the Russian Federation through permanent representative offices and/or receiving income from sources in the Russian Federation) on profit calculated allowing for income received by the organization from sales of securities is determined by Article 275 of the Tax Code of the Russian Federation.

The rates of corresponding taxes are determined by Article 284 of the Tax Code of the Russian Federation.

## 8.9. Declared (Accrued) and Paid Dividends on the Issuer's Shares and Income from the Issuer's Debentures

Information on VSMPO dividends declared and paid by the Issuer in 2003 - 2004.

##	Item	2003	2004
		Ordinary shares	Ordinary shares
1	Total dividends declared, roubles	116 845 157	308 114 270
2	Declared Dividends per Share, roubles	11,00	29,00
3	Date of the General Meeting of Shareholders	May 14, 2004	June 10, 2005
4	Decision of the Annual General Meeting of Shareholders on Payment of dividends	Minutes dated June 2, 2004	Minutes dated June 17, 2005
5	Date of Payment of the Declared Dividends	Not later than 60 days of the date of the decision made by the general meeting of shareholders	
6	Form of Payment of Declared Dividends	In money terms	
7	Reporting Period for which Dividends to be Paid	2003	2004
8	Total Dividends Paid, roubles	116 021 224	306 975 933
9	Total Dividends not Paid, roubles	823 933*	1 138 337*

\* Wrong, incomplete, obsolete bank details of shareholders indicated in the registration forms.

Information on AVISMA dividends declared and paid by the Issuer in 2000 – 2005

##	Index	2001		2002		2003		2004		2005	
		Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»
1	Total Dividends Declared, ths. rub	-	1 760	-	11 185	-	10 417	-	15 114	-	51 447
2	Declared Dividends per Share, rub	-	4,78	-	30,34	-	28,26	-	41,01	-	140,61
3	Date of General Meeting of Shareholders	June 15, 2001		March 22, 2002		March 28, 2003		June 29, 2004		March 30, 2005	
4	Decision of the Annual General Meeting of Shareholders on Payment of dividends	Minutes № 11		Minutes № 12		Minutes № 13		Minutes № 15		Minutes № 17	
5	Date of Payment of Declared Dividends	By the end of the corresponding financial year									
6	Form of Payment of Declared Dividends	In money terms									

##	Index	2001	2002	2003	2004	2005
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		Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»
7	Reporting Period for which Dividends to be Paid	2000		2001		2002		2003		2004	
8	Total Dividends Paid	-	1 760	-	11 034	-	10 215	-	14 784	-	50 450
9	Total Dividends not paid	-	-	-	151*	-	202*-	-	330*	-	997*

\*The dividends were not paid due to absence and incomplete information on the registered persons held by the registrar.

#### 8.10. Other Information

There is no other information about the issuer and its securities.