

***Non-binding translation***

**Approved**

By Extraordinary General Meeting of Shareholders of  
Open Joint Stock Company "Company "M.video"  
on September 06, 2007  
Minutes # 7 dt. September 07, 2007

## **CHARTER**

### **OPEN JOINT STOCK COMPANY**

**"Company "M.video"**

(new edition)

**Moscow  
2007**

## 1. GENERAL PROVISIONS

1.1. Joint Stock Company “M.video”, hereinafter referred to as the “Company” shall be a commercial organization created pursuant to the Civil Code of the Russian Federation, Federal Law “On Joint Stock Companies” dt. 26.12.1995 # 208-FZ and other regulatory legal acts of the Russian Federation for the purpose of meeting public demand and deriving a profit, and shall have full business independence.

The Company shall be a legal entity and shall act on the basis of this Charter and the law of the Russian Federation.

Open joint stock company “Company “M.video” was created as a result of reorganization in the form of transformation of Limited Liability Company “Company “M.video” based on decision of the General Meeting of Participants of OOO “Company “M.video” (Minutes # 14/2006 dt. July 01, 2006).

1.2. The corporate name of the Company in the Russian language shall be:

- full name: Открытое акционерное общество «Компания «М.видео»;
- abbreviated name: ОАО «Компания «М.видео»;

in the English language: Open Joint Stock Company «Company «M.video».

1.3. The Company shall be located at: 40/12, bld. 20, Nizhnaya Krasnoselskaya Street, 107066 Moscow. The mailing address of the Company shall be: 40/12, bld. 20, Nizhnaya Krasnoselskaya Street, 107066 Moscow.

1.4. In its activity the Company shall be guided by the Civil Code of the Russian Federation, Federal laws «On Joint Stock Companies», «On Securities Market» and other laws of the Russian Federation, as well as this Charter.

## 2. LEGAL STATUS OF THE COMPANY

2.1. The Company shall be a legal entity and shall own separate property accounted for on its independent balance sheet, including property contributed to it by shareholders as payment for shares.

The Company may on its behalf acquire and exercise property and personal non-property rights, incur obligations, sue and be sued in a court of law, arbitration and referee courts.

2.2. The Company shall be entitled to open bank accounts in the established manner on the territory of the Russian Federation and abroad.

2.3. The Company shall have a round seal containing its full corporate name in the Russian language and an indication as to its location. The seal may also contain the Company's corporate name in any foreign language or a language of the peoples of the Russian Federation.

The Company shall be entitled to have stamps and letterheads containing its name, a logo and a properly registered trademark and other means of visual identification.

2.4. In order to perform activity provided hereby the Company shall have all rights provided by the law of the Russian Federation, including the right:

- to enter into contracts, to consummate transactions and other legal acts, including credits and bills of exchange, with legal entities, individuals, including foreign ones;
- to purchase shares, including from its shareholders for subsequent sale to other shareholders or third parties for a period of time not to exceed one year after their purchase;
- to participate in other joint stock companies and limited liability companies, to create by agreement with other legal entities associations or unions, participate in their activity, to contribute funds to them on a commercial basis, to establish companies both with domestic and foreign partners on the territory of Russia and abroad;
- to issue securities and perform operations with them pursuant to the current law of the Russian Federation;
- to increase its charter capital following the procedure and on terms and conditions established by the general meeting of shareholders pursuant to the current law of the Russian Federation and this Charter;
- to participate in trading, to enter in the established manner into license agreements both within the country and abroad for the purpose of purchasing and selling products and necessary materials;
- to hire specialists, including foreign ones;

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- to determine independently forms, amounts and types of remuneration, including payment in kind, and in cases provided by the law of the Russian Federation – in foreign currency;  
 - to lease or sub-lease, to make available free of charge for temporary use buildings, structures, equipment and transportation means owned by it;  
 - to carry out other operations not prohibited by the law of the Russian Federation.

2.5. The Company shall perform all kinds of foreign economic activity following the procedure established by the law of the Russian Federation.

2.6. Interference of state, public and other organizations in administrative and business activity of the Company shall not be allowed, unless it is justified by their right of control and supervision provided by the law of the Russian Federation.

2.7. The Company shall be liable for its obligations with all property owned by it.

The Company shall not be liable for obligations of its shareholders.

Shareholders shall not be liable for obligations of the Company and shall bear the risk of losses related to its activity to the extent of the value of shares owned by them. Shareholders who have not fully paid their shares, shall have joint liability for obligations of the Company to the extent of the unpaid portion of the value of shares owned by them.

2.8. The state and its bodies shall not be liable for obligations of the Company, and the Company shall not be liable for obligations of the state and its bodies.

2.9. The Company shall be deemed established from the moment of its state registration. The term of the Company's activity shall be unlimited.

2.10. The Company may create branches and open representative offices on the territory of the Russian Federation and abroad pursuant to requirements of the current law of the Russian Federation, the law of CIS countries and relevant laws of foreign states, in which branches and representative offices are located, unless otherwise provided by an international treaty of the Russian Federation.

### **3. SUBJECT MATTER AND TYPES OF ACTIVITY**

3.1. The aim of the Company shall be to meet the existing public demand for goods, products, works and services of the Company and to receive a profit in the interests of shareholders.

3.2. The Company may have civil rights and obligations necessary for performance of any kind of activity not prohibited by law.

The Company may engage in certain types of activity, the list of which is determined by law, only on the basis of a special permit (license). If conditions of providing a permit (license) to engage in a certain type of activity required engagement in such activity on an exclusive basis, throughout the term of the license the Company shall not be entitled to perform other types of activity except for those provided by the license and ancillary types of activity.

3.3. The subject matter of the Company's activity shall be any types of activity, provided they are not prohibited by legislative acts of the Russian Federation and correspond to the aims of the Company's activity provided hereby.

The main types of the Company's activity shall be:

- Management of financial and business groups and holding companies;
- Management of holding companies;
- Management of financial and business groups;
- Consulting in the field of commercial activity and management;
- Market research and identification of public opinion;
- Provision of other services;
- Other activity corresponding to the aims of the Company and not contradicting the current law of the Russian Federation.

#### 4. SHAREHOLDERS, THEIR RIGHTS AND OBLIGATIONS

4.1. Both individuals and legal entities, including non-residents, which purchased the Company's shares and recognize and comply with provisions of this Charter, may become shareholders of the Company.

4.2. Shareholders of the Company – owners of ordinary registered shares shall have the right:

- (1) to participate in the governance of the Company following the procedure determined by this Charter of the Company and the current law of the Russian Federation;
- (2) to receive a portion of the profit (dividends) to be distributed among shareholders pro rata to the number of shares owned by them;
- (3) to receive from the management bodies of the Company information about the Company's activity, to peruse accounting, reporting and other documentations, to receive copies of constitutional and other documents of the Company;
- (4) to divest shares owned by them to other shareholders and/or third parties without consent of other shareholders of the Company;
- (5) have the preemptive right to purchase additional shares and issued securities convertible into shares offered by open or closed subscription in cases and following the procedure provided by the current law of the Russian Federation;
- (6) to make proposals to the management bodies of the Company, in accordance with their competence, related to the activity of the Company, condition of its property, amount of profit and loss in cases and following the procedure provided by the current law of the Russian Federation;
- (7) to elect and be elected to the governing bodies and the control body of the Company;
- (8) to authorize third parties by power of attorney or by proxy to exercise all or part of the rights attached to shares;
- (9) in cases and following the procedure provided by the current law of the Russian Federation to demand that the Company redeems all or part of the shares owned by them.

4.3. Shareholders of the Company may also have other rights provided by this Charter and the current law of the Russian Federation.

4.4. Depending on the number and type of shares owned by them shareholders of the Company shall:

- (1) pay for their shares within periods of time, following the procedure and by methods provided by the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies", this Charter and the share purchase agreement;
- (2) comply with requirements of this Charter and decisions of the governing bodies of the Company;
- (3) to keep information about the Company's activity, which is known to them, confidential (the list of confidential information is approved by the Board of Directors of the Company upon proposal of the General Director);
- (4) refrain from actions damaging the interests of the Company or its members, or preventing activity of the Company or its members.

4.5. Other obligations may be established for shareholders of the Company by this Charter, the law of the Russian Federation and decisions of the general meeting of shareholders adopted in accordance with its competence.

#### 5. CHARTER CAPITAL

5.1. The charter capital of the Company shall be 1 497 682 270 (one billion four hundred ninety seven million six hundred eighty two thousand two hundred seventy) rubles and shall be formed by distribution among shareholders of 149 768 227 (one hundred forty nine million seven hundred sixty eight thousand two hundred twenty seven) ordinary registered non-documentary shares with 10 (ten) rubles par value each.

5.2. The maximum number of shares that the Company may offer in addition to those already placed (authorized shares) shall be 60 000 000 (sixty million) ordinary registered non-documentary shares with 10 (ten) rubles par value each. The above shares, after they are placed, shall have the same rights attached to them, as earlier placed ordinary registered non-documentary shares.

5.3. The charter capital of the Company may be increased by placing additional shares or by increasing the nominal value of shares. Increasing the charter capital of the Company by placing additional

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shares may be at the expense of the Company's property. Increasing the charter capital of the Company by increasing the nominal value of shares may occur only at the expense of the Company's property.

5.4. The charter capital of the Company may be reduced by reducing the nominal value of shares or by reducing their total number, including by redeeming and canceling part of shares.

The Company shall not be entitled to reduce the charter capital if as a result of such reduction its amount becomes less than the minimum amount of the charter capital determined pursuant to the current law of the Russian Federation on the date of filing documents for state registration of relevant changes in the Charter of the Company, and in cases, when pursuant to the Federal law the Company must reduce its charter capital – on the date of state registration of the Company.

Not later than 30 business days of the date of taking decision on the reduction of the charter capital the Company shall notify its creditors in written form of the reduction and the new amount of the charter capital of the Company, and publish an announcement of the decision taken in a publication designed to publish information on state registration of legal entities. Within 30 business days of the date of forwarding a notice of the reduction of the charter capital of the Company or publication of the announcement of the decision taken Creditors shall be entitled to demand in writing early termination or performance of relevant obligations of the Company and compensation of damages.

## **6. SHARES AND OTHER ISSUED SECURITIES OF THE COMPANY**

6.1. The Company shall be entitled to offer ordinary shares and one or several types of preferred shares, provided that the nominal value of offered preferred shares does not exceed 25 percent of the charter capital of the Company.

6.2. The Company shall provide for keeping and storage off a register of shareholders of the Company pursuant to current regulatory legal acts of the Russian Federation from the moment of state registration of the Company.

The register of the Company's shareholders may be kept by the Company or a professional participant of the securities market performing activity related to keeping a register of owners of registered securities (hereinafter – a registrar).

If the number of shareholders of the Company exceeds 50, a registrar shall keep the register of shareholders of the Company.

Any person registered in the register of shareholders of the Company shall notify the registrar of any changes of its requisites. If such person fails to provide information on changes of its requisites the Company and the registrar shall not be liable for damages caused thereby.

6.3. All shares of the Company shall be registered.

6.4. All shares of the Company of the same type shall have the same nominal value and shall provide shareholders – their owners with an equal scope of rights.

6.5. Payment for additional shares offered by subscription may be made in cash, securities, other things or property rights or other rights having monetary valuation. Payment for other issued securities of the Company may be made only in cash.

6.6. It shall not be allowed to release a shareholder from his obligation to pay for the Company's shares, including by offsetting his claims against the Company.

6.7. The Company shall be entitled to issue bonds and other securities provided by the law of the Russian Federation.

6.8. The Company may offer additional shares and other issued securities by subscription and conversion. In case of increasing the charter capital of the Company at the expense of its property the Company may offer additional shares by their distribution among shareholders.

Conversion of ordinary shares into preferred shares, bonds and other securities shall not be allowed.

Conversion of preferred shares into bonds and other securities, except shares shall not be allowed.

6.9. Additional shares may be offered by the Company only within the limits of authorized shares established by this Charter.

6.10. Decision on increasing the charter capital of the Company by increasing the nominal value of shares shall be taken by the general meeting of shareholders.

6.11. Decision on increasing the charter capital of the Company at the expense of its property by offering additional shares distributed among shareholders of the Company shall be taken by the Board of Directors.

6.12. Shares (issued securities of the Company convertible into shares) shall be offered through closed subscription by decision of the general meeting of shareholders on increasing the charter capital of the Company by offering additional shares (offering issued securities of the Company convertible into shares) taken by a three quarter majority of votes of shareholders – owners of voting shares participating in the general meeting of shareholders.

6.13. Open subscription to ordinary shares constituting over 25 percent of earlier placed ordinary shares shall be offered only by decision of the general meeting of shareholders taken by a three quarter majority of votes of shareholders – owners of voting shares participating in the general meeting of shareholders.

6.14. Open subscription to issued securities convertible into shares that can be converted into ordinary shares constituting over 25 percent of earlier placed ordinary shares shall be offered only by decision of the general meeting of shareholders taken by a three quarter majority of votes of shareholders – owners of voting shares participating in the general meeting of shareholders.

6.15. Open subscription to ordinary shares constituting less than 25 percent of earlier placed ordinary shares or issued securities convertible into ordinary shares that may be converted into ordinary shares constituting less than 25 percent of earlier placed ordinary shares shall be offered by decision of the Board of Directors taken by all members of the Board of Directors unanimously.

## **7. PURCHASE OF PLACED SHARES BY THE COMPANY**

7.1. By decision of the general meeting of shareholders on reduction of the charter capital the Company shall be entitled to redeem shares placed by it for the purpose of reducing their total number (redemption). Shares acquired by the Company on the basis of decision on reduction of the charter capital shall be canceled at the time of purchase.

7.2. The Company shall pay for redeemed shares in cash.

7.3. Decision on share redemption shall determine the category (types) of shares purchased, the number of shares of each category (type) purchased by the Company, the purchase price, the form and time period for payment for shares, the period of share redemption.

7.4. The period of time during which shares are redeemed may not be less than 30 (thirty) days.

7.5. Not later than 30 days before the beginning of the redemption period the executive body of the Company shall notify all shareholders – owners of shares of those categories (types), the decision on the redemption of which is taken.

The notice shall contain the following information: the corporate name and location of the Company, categories (types) of purchased shares, number of shares of each category (type) purchased by the Company, purchase price, form and time period of payment, official beginning date of redemption, official ending date of redemption, addresses, to which written applications to sell shares filled out by shareholders may be filed.

The form of a shareholder's written application to sell shares shall be attached to the notice.

The notice shall be forwarded to a shareholder by registered letter to the address indicated in the register of owners of registered securities of the Company or shall be delivered to him in person.

7.6. Each shareholder – owner of shares of those categories (types), decision on the purchase of which is taken, shall be entitled to sell such shares, and the Company shall be obligated to purchase them.

7.7. If the total number of shares, in respect of which the Company received applications to sell them to the Company, exceeds the number of shares that may be purchased by the Company pursuant to decision of the general meeting of shareholders on reduction of the charter capital or decision of the Board of Directors to purchase shares, shares shall be purchased from shareholders pro rata to the applications filed.

7.8. A shareholder – owner of shares of those categories (types), decision on the purchase of which is taken, shall be entitled within the established period of time to forward to the Company a written application to sell his shares. The application shall be forwarded by registered letter or delivered personally to the addresses specified in the notice. The date of an application shall be the date of the mailing or the date of the actual delivery.

7.9. The form of a written application to sell shares to the Company filled out by a shareholder shall be construed as acceptance of the Company's offer to purchase a certain number of such shares and a transfer order to the registrar on making changes in the shareholder's personal account in respect of the number of shares purchased by the Company.

7.10. Within not more than 30 business days of the date when the Company stops accepting applications to sell shares the executive body of the Company shall take decision on the number of shares to be purchased from each shareholder, notify the registrar thereof and transfer to each shareholder the sum due and payable to him.

7.11. By decision of the Board of Directors the Company shall be entitled to purchase shares placed by it. The procedure of redeeming shares by decision of the Board of Directors shall follow the procedure established by clauses 7.2-7.10 hereof.

The Company shall not be entitled to take decision on redemption of shares, if the nominal value of the Company's outstanding shares is less than 90% of the charter capital of the Company.

7.12. The Company shall not be entitled to redeem its shares in cases expressly provided by the current law of the Russian Federation.

## **8. REDEMPTION OF PLACED SHARES BY THE COMPANY**

8.1. Shareholders – owners of voting shares shall be entitled to demand that the Company redeem all or part of their shares in the following cases:

(1) reorganization of the Company or a major transaction approved by decision of the general meeting of shareholders of the Company, if they voted against such reorganization or transaction or did not participate in voting on these matters;

(2) introduction of amendments and addenda to this Charter or approval of a new version of this Charter limiting their rights, if they voted against taking a relevant decision or did not participate in voting.

8.2. The list of shareholders entitled to demand that the Company redeem shares owned by them shall be compiled on the basis of the register of shareholders of the Company as of the date of compiling a list of persons entitled to participate in the general meeting of shareholders, the agenda of which includes matters voting on which, pursuant to the Federal law "On joint stock companies" may result in the right to demand redemption of shares.

8.3. The Company shall redeem shares at the price determined by the Board of Directors of the Company, but not below the market price to be determined by an independent valuator without taking into account its change as a result of the Company's actions resulting in the right to demand valuation and redemption of shares.

## **9. GOVERNANCE AND CONTROL BODIES OF THE COMPANY**

9.1. The governance bodies of the Company shall be:

- (1) the general meeting of shareholders;
- (2) the Board of Directors;
- (3) the General Director" (sole executive body).

The governance body of the Company in the process of liquidation shall be its liquidation commission appointed by decision of the general meeting of shareholders taking decision on liquidation or by a court (arbitration) decision.

9.2. The revision commission shall control financial and business activity and property situation of the Company.

9.3. The general meeting of shareholders shall be the supreme governance body of the Company.

9.4. The Board of Directors shall be elected by the annual general meeting of shareholders for a period until the next annual general meeting of shareholders following the procedure provided by this Charter. The revision commission shall be elected by the annual general meeting of shareholders for a period of 1 year.

9.5. The General Director shall be elected by the Board of Directors. The General Director shall manage current activity of the Company.

## 10. GENERAL MEETING OF SHAREHOLDERS

10.1. The following matters fall within the competence of the general meeting of shareholders:

- (1) introduction of amendments and addenda to the Charter or approval of a new version of the Charter;
  - (2) taking decision on reorganization of the Company;
  - (3) taking decision on liquidation of the Company, appointment of the liquidation commission and approval of liquidation balance sheets (interim and final ones);
  - (4) determination of the numerical composition of the Board of Directors, election of its members and early termination of their authority;
  - (5) determination of the quantity, nominal value, category (type) of authorized shares and rights attached to such shares;
  - (6) increasing the charter capital of the Company by increasing the nominal value of shares, by offering additional shares by closed subscription;
  - (7) offering by open subscription ordinary shares constituting over 25 percent of earlier placed ordinary shares or issued securities convertible into ordinary shares that may be converted into ordinary shares constituting over 25 percent of earlier placed ordinary shares;
  - (8) reduction of the charter capital of the Company by reducing the nominal value of shares;
  - (9) reduction of the charter capital by purchasing part of shares by the Company for the purpose of reducing their total number, and by canceling shares purchased or redeemed by the Company;
  - (10) election of members of the revision commission of the Company and early termination of their authority;
  - (11) approval of the external auditor of the Company;
  - (12) approval of annual reports and accounts, including the profit and loss statement (profit and loss account) of the Company, and distribution of profit, including payment (announcement) of dividends, and losses of the Company based on results of a financial year;
  - (13) taking decisions on the procedure of conducting the general meeting of shareholders;
  - (14) determination of the numerical composition of the counting commission, election of its members;
  - (15) taking decision on splitting and consolidation of the Company's shares;
  - (16) taking decision on approval of interested party transactions in cases provided by the current law of the Russian Federation;
  - (17) taking decision on approving major transactions related to acquisition or divestiture of property by the Company in cases provided by the law of the Russian Federation;
  - (18) redemption of placed shares by the Company in cases, provided by the law of the Russian Federation;
  - (19) taking decision on the Company's participation in financial and industrial groups and associations and other unions of commercial organizations;
  - (20) approval of internal documents regulating activity of the Company's governance and control bodies;
  - (21) taking decisions on the Company's assumption of expenses related to convocation of extraordinary general meetings of shareholders, unplanned audits and audits by the revision commission initiated by shareholders;
  - (22) decision of other matters provided by the current law of the Russian Federation and this Charter.
- 10.2. The general meeting of shareholders shall not be entitled to consider and decide matters not referred to its competence by the law of the Russian Federation and this Charter.



Matters referred to the competence of the general meeting of shareholders may not be transferred to the executive body of the Company for decision. Matters referred to the competence of the general meeting of shareholders may not be transferred to the Board of Directors for decision, except for matters provided by the law of the Russian Federation.

10.3. The general meeting of shareholders shall not be entitled to take decisions on matters not included in its agenda or change the agenda.

10.4. Decisions on matters specified in sub-clauses 4, 10, 11 and 12 clause 10.1 hereof may be taken only at the general meeting of shareholders conducted in the form of joint presence.

10.5. Decision of the general meeting of shareholders on a matter put to the vote shall be taken by a majority vote of shareholders participating in the meeting and owning shares providing the right to vote on the given matter, unless a larger number of votes is provided by this Charter or the current law of the Russian Federation.

Decisions on matters specified in sub-clauses 2, 6, 8, 15-20 of clause 10.1 hereof may be taken by the general meeting of shareholders only upon proposal of the Board of Directors of the Company.

Decision on matters specified in sub-clauses 1-3, 5, 8 and 18 of clause 10.1 hereof shall be taken at the general meeting of shareholders by a three quarter majority vote of shareholders – owners of voting shares participating in the general meeting of shareholders.

10.6. The following shareholders shall be deemed to have participated in the general meeting of shareholders:

(1) in case of a general meeting of shareholders conducted in the form of joint presence – shareholders (their proxies) who registered and shareholders whose ballots were received at least two days before the date of the general meeting of shareholders (if compulsory forwarding (delivery) of ballots before the general meeting of shareholders is provided by law);

(2) in case of a general meeting of shareholders conducted in the form of voting in absentia – shareholders whose ballots were received before the deadline for receiving ballots.

10.7. The procedure of conducting the general meeting of shareholders, its by-laws and other procedural issues shall be established by the Regulation on the general meeting of shareholders, and in the absence of such regulation – shall be settled as needed by open voting in the process of the meeting.

10.8. Decisions taken by the general meeting of shareholders shall be binding on all shareholders-both present at the meeting and absent from it.

10.9. Expenses related to preparation and conduct of the general meeting of shareholders initiated by members of the Board of Directors, the revision commission and the auditors of the Company shall be covered by the Company.

Expenses related to preparation and conduct of an extraordinary general meeting of shareholders initiated by shareholders shall be paid by shareholders initiating the meeting before steps are taken to convene it in the amount determined by the General Director.

By decision of the general meeting of shareholders such expenses may be covered by the Company and shareholders – initiators of the extraordinary general meeting of shareholders may be compensated accordingly.

10.10. The general meeting of shareholders shall be convened by the Board of Directors based on its decision taken on its own initiative or on the initiative of persons authorized to do so by this Charter.

Decision of the Board of Directors to hold a general meeting of shareholders shall approve the form of the general meeting of shareholders, the date, place, time of the general meeting of shareholders, the agenda of the general meeting of shareholders, the list of information (materials) to be provided to shareholders at the time of preparation for the general meeting of shareholders and procedure of providing it, the date of compiling the list of persons entitled to participate in the general meeting of shareholders and the procedure of informing shareholders of the general meeting of shareholders.

If the agenda includes matters, voting on which may, pursuant to the Federal law “On Joint Stock Companies” result in the right of shareholders to demand redemption by the Company of shares owned by them, the Board of Directors shall determine the price of redeemed shares, the procedure and time period of the redemption.

Decision of the Board of Directors to hold a general meeting of shareholders in the form of joint presence shall also contain an indication as to the date, place and time of beginning and ending registration of participants of the general meeting.

Decision of the Board of Directors to hold a general meeting of shareholders in absentia shall also contain the form and text of the voting ballot, indication as to the beginning and completion of receiving

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voting ballots by the Company, the mailing address, to which filled out ballots are to be forwarded. The date of providing voting ballots to shareholders shall be at least 20 days before the general meeting of shareholders.

10.11. Announcement of the general meeting of shareholders shall be made at least 30 days, and announcement of the general meeting of shareholders with election of members of the Board of Directors of the Company on its agenda shall be made at least 70 days before its date, unless the current law of the Russian Federation provides for a longer period of time.

Within the above period of time a notice of the general meeting of shareholders shall be forwarded to each person included in the list of persons entitled to participate in the general meeting of shareholders by registered letter or delivered to each of the above persons against his signature, or published in the “Rossiyskaya Gazeta” newspaper.

Voting ballots and materials necessary for shareholders to take decisions may be dispatched together with the notice, unless otherwise decided by the Board of Directors, in which case ballots and materials shall be provided to each shareholder on demand at the location of the Company or at another address, determined by such decision.

10.12. Decision of the general meeting of shareholders on each matter separately shall be deemed valid, if shareholders owning on aggregate over half of the voting shares of the Company that entitle their owners to vote on the matter (i.e. in the presence of a quorum) participate in the voting.

10.13. The annual general meeting of shareholders shall be held by decision of the Board of Directors not earlier than two months and not later than six months of the end of the financial year.

An extraordinary general meeting of shareholders shall be held by decision of the Board of Directors taken on their own initiative, or on demand of the revision commission of the Company, the auditor or a shareholder (shareholders) owning at least 10 percent of the voting shares of the Company on the date of such demand.

10.14. The procedure of making proposals and approving the agenda of the general meeting of shareholders shall be determined by the Regulation on the general meeting of shareholders of the Company and the current law of the Russian Federation.

10.15. The list of persons entitled to participate in the general meeting of shareholders shall be made on the basis of the register of shareholders of the Company on the date established by the Board of Directors of the Company. The date of compiling the list of persons entitled to participate in the general meeting of shareholders may not be established before decision to hold the general meeting of shareholders is taken and more than 50 days before the date of the general meeting of shareholders, and if election of members of the Board of Directors of the Company is included in the proposed agenda of the general meeting of shareholders – more than 65 days before the date of the general meeting of shareholders.

On a shareholder’s demand the Company shall provide him with information on including him in the list of persons entitled to participate in the general meeting of shareholders.

10.16. The working bodies of the general meeting of shareholders shall be its chairman and secretary. The chairman of the Board of Directors, and in his absence – the General Director of the Company shall perform the functions of the chairman of the general meeting of shareholders.

10.17. A person having professional skills allowing to record the process of the general meeting of shareholders with the help of stenographic or technical (audio and video) recording shall perform the functions of the secretary of the general meeting of shareholders and shall be appointed by the chairman of the general meeting for each concrete meeting.

10.18. Voting at the general meeting of shareholders shall follow the principle “one voting share – one vote”, except for cases provided by the current law of the Russian Federation.

10.19. Minutes of the general meeting of shareholders shall be prepared not later than 15 days after closing the general meeting of shareholders or the final date of accepting ballots in case of a general meeting of shareholders conducted in absentia. Minutes shall be prepared in two counterparts, and both counterparts shall be signed by the chairman and secretary of the general meeting of shareholders.

Minutes of the general meeting of shareholders shall indicate: the place and time of the general meeting of shareholders, the total number of votes of shareholders – owners of the voting shares of the Company, the chairman and secretary of the meeting, the agenda of the meeting.

Minutes of the general meeting of shareholders shall contain the main points of speeches, matters put to the vote and the outcome of the voting, decisions taken by the meeting.

10.20. If all the voting shares of the Company belong to one shareholder, decisions on matters referred to the general meeting of shareholders shall be taken solely by such shareholder and executed in written form. Provisions of this Charter, the Regulation on the general meeting of shareholders determining the procedure and time period for preparation, convocation and conduct of the general meeting of shareholders shall not apply, except for provisions related to the time of conducting annual general meetings of shareholders.

## **11. BOARD OF DIRECTORS OF THE COMPANY**

11.1. Matters of general governance of the Company except for matters referred by this Charter to the competence of the general meeting of shareholders shall fall within the competence of the Board of Directors of the Company.

The following matters shall refer to the competence of the Board of Directors of the Company:

- (1) determination of priority directions of the Company's activity;
- (2) convocation of the annual and extraordinary general meetings of shareholders of the Company;
- (3) approval of the agenda of the general meeting of shareholders;
- (4) determination of the date of compiling the list of persons entitled to participate in the general meeting of shareholders, and other matters related to preparation and conduct of the general meeting of shareholders;
- (5) proposal of matters provided by clause 10.5 hereof for decision by the general meeting of shareholders;
- (6) taking decisions on offering of bonds and other issued securities by the Company in cases provided by this Charter and the Federal law "On Joint Stock Companies"
- (7) determination of the market value of property pursuant to the current law of the Russian Federation and approval of methods of determining the share market price;
- (8) taking decision on purchasing shares, bonds and other issued securities placed by the Company in cases provided by this Charter and the Federal law "On Joint Stock Companies";
- (9) election of the General Director and early termination of his authority;
- (10) determination of the amount of the external auditor's remuneration;
- (11) recommendations as to the amount of annual dividends, the form and procedure of their payment;
- (12) taking decision on using the reserve and other funds of the Company;
- (13) approval of internal documents of the Company, except for internal documents, whose approval is referred to the competence of the general meeting of shareholders, and other internal documents, whose approval is referred to the competence of executive bodies of the Company;
- (14) taking decision on establishing branches and opening representative offices of the Company and approval of regulations thereon;
- (15) increasing the charter capital of the Company at the expense of its property by offering additional shares and distributing them among shareholders of the Company;
- (16) increasing the charter capital of the Company by offering by open subscription additional shares constituting less than 25 percent of earlier placed shares;
- (17) offering through open subscription of issued securities convertible into shares that may be convertible into ordinary shares constituting less than 25 percent of earlier placed ordinary shares;
- (18) taking decisions on approving major transactions related to acquisition or divestiture of property by the Company in cases provided by the current law of the Russian Federation;
- (20) taking decisions on approving interested party transactions in cases provided by the current law of the Russian Federation;
- (21) taking decisions on approving transactions, whose approval is not referred by this Charter to the competence of the general meeting of shareholders, which are related to acquisition, divestiture or the possibility of divestiture, directly or indirectly, of property, the value of which is 5 or more percent of the balance sheet value of the assets of the Company and its subsidiaries determined on the basis of the latest consolidate reports, except for transactions related to offering of the Company's shares and transactions consummated in the ordinary course of business.

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- (22) determination of the position of the Company's representatives in voting shares and stakes in the charter (share, joint stock) capital of other organizations owned by the Company;
- (23) taking decisions on divestiture or encumbrance of shares and stakes in the charter (share, joint stock) capital of other organizations owned by the Company;
- (24) approval of the Company's registrar and conditions of contract and conditions of termination of contract with it;
- (25) appointment of the corporate secretary of the Company;
- (26) decision of other matters related to the Company's activity provided by the Federal law "On Joint Stock Companies" and this Charter.

Matters referred to the competence of the Board of Directors of the Company may not be referred to the executive body of the Company for decision.

11.2. Members of the Board of Directors of the Company shall be annually elected by the annual general meeting of shareholders following the procedure provided by this Charter and the Regulation on the Board of Directors of the Company. Election of members of the Board of Directors of the Company shall be by cumulative voting. In case of cumulative voting the number of votes belonging to each shareholder shall be multiplied by the number of persons to be elected to the Board of Directors, and a shareholder shall be entitled to give all votes thus obtained to one candidate or to distribute them between two or more candidates. Candidates who received the largest number of votes shall be deemed elected to the Board of Directors.

The term of members of the Board of Directors shall begin from the moment they are elected by the annual general meeting and continue till the next annual general meeting elects a new Board of Directors.

Persons elected to the Board of Directors of the Company may be re-elected an unlimited number of times. By decision of the general meeting of shareholders authority of all members of the Board of Directors may be terminated before expiration of their term of office.

In case of early termination of authority of the Board of Directors the authority of a newly elected Board of Directors shall be in effect until a new Board of Directors is elected (re-elected) at the next annual meeting of shareholders.

11.3. If the number of members of the Board of Directors of the Company becomes less than half the number provided by a relevant decision of the general meeting of shareholders and the Federal law "On joint stock companies", the Board of Directors shall convene an extraordinary general meeting of shareholders to elect a new Board of Directors. The remaining members of the Board of Directors shall be entitled to take decision only on convocation of such extraordinary general meeting of shareholders.

11.4. The person performing the functions of the sole executive body (the General Director) may not concurrently be the chairman of the Board of Directors of the Company. Members of the collegial executive body may not constitute more than 1/4 of the Board of Directors of the Company.

11.5. At least 5 (five) persons shall be elected to the Board of Directors of the Company. The numerical composition of the Board of Directors shall be determined by decision of the general meeting of shareholders.

11.6. Work of the Board of Directors shall be organized by its Chairman elected by members of the Board of Directors from among their number by a majority vote of the total number of members of the Board of Directors. The Board of Directors shall be entitled to re-elect its Chairman at any time by a majority vote of the total number of elected members of the Board of Directors.

The Chairman of the Board of Directors shall convene meetings of the Board and organize voting in absentia, he shall also arrange for keeping of minutes of meetings.

11.7. In the absence of the Chairman of the Board of Directors of the Company his functions shall be performed by one of the members of the Board of Directors by decision of the Board of Directors of the Company taken by a majority vote of its members participating in the meeting.

11.8. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors on his initiative, upon demand of any member of the Board of Directors, the revision commission, the auditor or the General Director of the Company.

A quorum for a meeting of the Board of Directors shall be achieved if half of the elected members of the Board of Directors are present. In determining the quorum and the outcome of voting a written opinion as to matters on the agenda of a member of the Board of Directors absent from the meeting shall be taken into account.

11.9. In deciding matters at a meeting of the Board of Directors of the Company each member of the Board of Directors shall have one vote.

Decisions of the Board of Directors shall be taken by a majority vote of its members present at the meeting or participating in voting in absentia, unless otherwise provided by the current law of the Russian Federation.

11.10. Minutes shall be kept at meetings of the Board of Directors. Minutes of a meeting of the Board of Directors shall be prepared not later than 3 days after such meeting. Minutes shall specify the place and time of the meeting, persons participating in the meeting, the agenda of the meeting, issues put to the vote and the outcome of voting, decisions taken, other information provided by the Regulation on the Board of Directors of the Company and the current law of the Russian Federation.

The person presiding at the meeting of the Board of Directors of the Company and the secretary of the Board of Directors shall sign minutes of a meeting of the Board of Directors.

11.11. By decision of the general meeting of shareholders of the Company, during the period of performing their duties members of the Board of Directors of the Company may receive remuneration and (or) compensation of expenses related to their performance of functions of members of the Board of Directors of the Company. The general meeting of shareholders shall determine the amount of such remuneration's and compensations.

## **12. CORPORATE SECRETARY**

12.1. The Board of Directors of the Company shall appoint a corporate secretary for the purpose of proper adherence to the procedure of preparation and conduct of the general meeting of shareholders and activity of the Board of Directors of the Company.

The corporate secretary of the Company shall perform functions of a secretary of the Board of Directors and the general meeting of shareholders of the Company, unless otherwise provided by internal documents of the Company or decisions of the Board of Directors of the Company.

12.2. The Chairman of the Board of Directors of the Company or a person authorized by the Board of Directors of the Company shall sign a contract with him.

12.3. The Board of Directors of the Company or a person authorized by the Board of Directors of the Company shall determine conditions of contract with the corporate secretary of the Company, including his remuneration.

12.4. The corporate secretary of the Company shall provide preparation and conduct of the general meeting of shareholders and meetings of the Board of Directors within the scope of his competence in accordance with requirements of the law of the Russian Federation, the charter and the regulation on the corporate secretary and/or other internal documents of the Company.

12.5. Bodies and officers of the Company shall assist the corporate secretary of the Company in performing his functions.

## **13. GENERAL DIRECTOR**

13.1. The General Director of the Company – the sole executive body shall manage current activity of the Company.

13.2. The competence off the General Director shall include all matters of managing current activity of the Company, except for matters referred to the competence of the general meeting of shareholders and the Board of Directors. The General Director shall organize implementation of decisions of the general meeting of shareholders and the Board of Directors of the Company and shall report to them.

The General Director shall act on behalf of the Company without power of attorney, including:

- (1) provide current management of the Company's activity;
- (2) have the right of first signature of financial documents;

- (3) dispose of the Company's property to provide for its current activity within the scope established by the Charter, unless, pursuant to this Charter, the General Director needs approval of the general meeting of participants and (or) the Board of Directors of the Company for consummation of such transactions;
- (4) represent interests of the Company both in the Russian Federation and abroad;
- (5) approve staffing tables, conclude labor agreements with employees of the Company, provide incentives and impose disciplinary sanctions;
- (6) consummate transactions on behalf of the Company, except for cases provided by the Federal law "On Joint Stock Companies" and this Charter;
- (7) issue powers of attorney on behalf of the Company;
- (8) open Company accounts with banks;
- (9) organize accounting and reporting in the Company;
- (10) provide maintenance of the Company's register;
- (11) issue orders and give instructions binding on all employees of the Company;
- (12) present the annual report and balance sheet for approval to the Board of Directors and the general meeting of shareholders of the Company;
- (13) perform other functions required for achieving the Company's aims and providing its normal operation pursuant to the current law of the Russian Federation, this Charter and the Regulation on the sole executive body of the Company.

13.3. The Board of Directors of the Company shall elect the General Director for a period of 3 (three) years by a majority vote of the total number of votes of members of the Board of Directors participating in the voting.

The Chairman of the Board of Directors shall sign on behalf of the Company a contract with the General Director.

13.4. By decision of the general meeting of shareholders authority of the General Director (sole executive body) may be transferred by contract to a managing company (commercial organization) or an individual entrepreneur (manager). The Board of Directors of the Company shall approve conditions and term of the contract concluded. The Chairman of the Board of Directors shall sign the contract on behalf of the Company.

If authority of the General Director is transferred under contract to a managing company (commercial organization), provisions of the Charter related to the General Director, including this clause of the Charter, shall fully apply to such managing company.

## **14. REVISION COMMISSION OF THE COMPANY**

14.1. The revision commission shall control financial and business activity of the Company. The composition of the revision commission and the procedure of its activity shall be determined by the Regulation on the revision commission approved by the general meeting of shareholders. Members of the revision commission may not concurrently be members of the Board of Directors or hold other positions in the governance bodies of the Company.

The revision commission shall be elected by the annual general meeting of shareholders for a one-year term. The general meeting of shareholders shall be entitled to re-elect certain members of the revision commission, as well as the revision commission as a whole.

14.2. The revision commission shall verify financial and business activity of the Company based on the results of the Company's activity for a year, and at any time upon initiative of the revision commission, by decision of the general meeting of shareholders, the Board of Directors or upon demand of shareholders owning on aggregate at least 10% of the voting shares of the Company.

14.3. Members of the revision commission shall be entitled to demand that officers of the Company provide all necessary documents related to financial and business activity of the Company.

14.4. The revision commission shall present results of its examinations to the general meeting of shareholders.

14.5. Members of the revision commission shall be entitled to demand convocation of an extraordinary general meeting of shareholders.

14.6. The revision commission shall keep minutes of all its meetings.

## **15. AUDITOR OF THE COMPANY**

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15.1. The auditor of the Company shall examine financial and business activity of the Company pursuant to legal acts of the Russian Federation on the basis of an agreement made therewith.

15.2. The general meeting of shareholders shall approve the auditor of the Company. The Board of Directors shall determine the amount of its remuneration.

## **16. MAJOR TRANSACTIONS OF THE COMPANY**

16.1. A major transaction shall be a transaction (including a loan, credit, pledge, surety) or several interrelated transactions of acquisition, divestiture or the possibility of divestiture by the Company, directly or indirectly, of property, the value of which is 25 or more percent of the balance sheet value of the Company's assets determined using its accounting reports as of the latest date, except for transactions consummated in the ordinary course of business, offering of ordinary shares of the Company by subscription (sale) and offering of issued securities convertible into ordinary shares of the Company. In case of divestiture or the possibility of divestiture of property, the value of such property determined on the basis of accounting data is compared to the balance sheet value of the Company's assets, and in case of acquisition of property – the price of its acquisition.

16.2. A major transaction shall be approved by the Board of Directors or the general meeting of shareholders following the procedure provided by the Federal law "On Joint Stock Companies".

16.3. Decision approving a major transaction shall indicate a person (persons), which is a party (parties) to such transaction, the beneficiary (beneficiaries), price, subject matter and other material conditions thereof.

## **17. ACQUISITION OF OVER 30 PERCENT OF THE COMPANY'S SHARES**

17.1. A person intending to acquire over 30 percent of the total number of ordinary and preferred shares of the Company providing the right to vote pursuant to clause 5, article 32 of the Federal law "On Joint Stock Companies", taking into account shares owned by such person and its affiliated persons shall forward to the Company a public offer addressed to shareholders – owners of shares or relevant categories (types) to purchase shares of the Company owned by them. The list of information to be included in such offer is determined by clause 2, article 84.1 of the Federal law "On Joint Stock Companies".

17.2. A person that acquired over 30 percent of the total number of shares of the Company taking into account shares owned by such person and its affiliated persons shall within 35 days of making a relevant credit entry on its personal account (depo account) forward to shareholders – owners of the remaining shares of the relevant category (type) and owners of issued securities convertible into such shares a public offer to purchase from them such securities. The list of information to be included in such offer is determined by clause 2, article 84.2 of the Federal law "On Joint Stock Companies".

## **18. PROPERTY AND FUNDS OF THE COMPANY**

18.1. Fixed and current assets, as well as other valuables and monetary funds reflected in the independent balance sheet shall constitute the Company's property.

18.2. The sources of the Company's property shall be:

- Revenues from issuance and offering of shares and other securities;
- Revenues from sales of goods, products, works and services;
- Other sources not prohibited by the law of the Russian Federation.

18.3. The Company may combine part of its property with property of state, cooperative, public and other organizations for joint production of goods, performance of works and provision of services.

18.4. Part of the Company's property may be transferred to its subsidiaries, branches and representative offices following the procedure provided by this Charter and the current law of the Russian Federation.

18.5. The Company shall own property transferred to it by its shareholders, products manufactured as a result of its business activity, revenues received and other property acquired by it on other grounds allowed by the law of the Russian Federation.

18.6. The Company shall have the right to sell and/or transfer to other companies and organizations, exchange, lease (sub-lease), provide free of charge for temporary use buildings, structures, equipment, transport, inventory, goods and other material valuables owned by it, as well as write them off its balance sheet, unless otherwise provided by the law of the Russian Federation.

18.7. The reserve fund of the Company shall be formed by annual allocations from the net profit (at least 5% of the net profit) until it reaches the amount equal to 15% of the charter capital and shall be earmarked for covering losses and unexpected expenses of a financial year and in the absence of other funds - to cancel bonds and redeem shares of the Company.

18.8. The procedure of using other funds shall be determined by the Board of Directors of the Company.

## **19. DIVIDENDS**

19.1. Based on the results of the first quarter, six months, nine months of a financial year and (or) the results of a financial year the Company shall be entitled to take decisions on (declare) payment of dividends on placed shares. Decision on payment (declaration) of dividends based on the results of the first quarter, six months, nine months of a financial year may be taken within three months of the end of the relevant period.

The Company shall pay dividends declared on each category (type) of shares. Dividends shall be paid in cash or other property.

19.2. The source of dividends shall be the profit of the Company after tax (the net profit of the Company). The net profit of the Company shall be determined on the basis of accounting reports of the Company.

19.3. Decisions on payment (declaration) of dividends, including decisions on the timing, payment procedure, amount and form of dividends on shares of each category (type) shall be taken by the general meeting of shareholders. The amount of dividends may not exceed that recommended by the Board of Directors.

## **20 ACCOUNTING AND REPORTING, DOCUMENTS OF THE COMPANY**

20.1. The Company shall keep accounts and present financial reports following the procedure established by the current law of the Russian Federation.

20.2. Responsibility for the organization, condition and reliability of accounts in the Company, timely presentation of the annual report and other financial reports to relevant bodies, as well as presentation of information about the Company's activity to shareholders, creditors and mass media shall be borne by the executive body of the Company pursuant to the current law of the Russian Federation and the Charter of the Company.

20.3. The Company's financial year shall be from January 1 to December 31.

20.4. The annual report on the Company's operations and the balance sheet together with the opinion of the Revision commission or the auditor shall be presented to the general meeting of shareholders for approval.

20.5. Before the report is presented to the annual general meeting of shareholders it shall be approved by the Board of Directors not later than 30 days before the date of the general meeting of shareholders.

20.6. The Company shall store the following documents at the location of its executive body:

- articles of incorporation of the Company;
- Charter of the Company, amendments and addenda made in the Company Carter registered in the established manner, decision on establishment of the Company, certificate of state registration of the Company;
- documents certifying rights to the property on the Company's balance sheet;
- internal documents of the Company;
- regulation on branches and representative offices of the Company;
- annual reports;

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- accounting and reporting documents;
- minutes of general meetings of shareholders (decisions of the shareholder – owner of all voting shares of the Company), of meetings of the Board of Directors of the Company, the Revision commission (the auditor) of the Company and the collegial executive body of the Company (Management Board);
- voting ballots and powers of attorney (copies of powers of attorney) to participate in the general meeting of shareholders;
- reports of independent valuers;
- lists of affiliated persons of the Company;
- lists of persons entitled to participate in the general meeting of shareholders entitled to receive dividends, as well as other lists made by the Company for its shareholders to exercise their rights pursuant to requirements of the current law of the Russian Federation;
- opinions of the Revision commission of the Company, the Auditor of the Company, state and municipal financial control bodies;
- securities prospectuses, the issuer's quarterly reports and other documents containing information to be published or otherwise disclosed pursuant to the current law of the Russian Federation;
- other documents provided by the current law of the Russian Federation and this Charter, internal documents of the Company, decisions of the general meeting of shareholders the Board of Directors, the management bodies of the Company.

20.7. Upon demand of a shareholder the Company shall provide him for consideration copies of documents provided by the current law of the Russian Federation. The amount of such consideration shall be determined by the Company and may not exceed the cost of making copies of documents and the cost of forwarding documents by mail.

In case of reorganization or liquidation of the Company all documents (managerial, financial, business, personnel documents) shall be transferred in accordance with established rules to the successor company. In the absence of successors permanent storage documents having scientific and historical value shall be transferred for state storage to "Mosgorarchiv" association archives, and personnel documents (orders, personal files, time cards, personal accounts) shall be transferred for storage to the archive of the administrative district, on the territory of which the Company is located. The transfer and sorting out of documents shall be at the expense of the Company in accordance with requirements of archive bodies.

## **21. SUBSIDIARIES AND DEPENDANT COMPANIES**

21.1. The Company may establish subsidiaries and dependant companies having rights of legal entities on the territory of the Russian Federation and abroad in compliance with requirements established by the law of the Russian Federation and relevant laws of foreign states, unless otherwise provided by an international treaty of the Russian Federation.

21.2. A subsidiary shall be a company, in which the parent company through predominant participation in its charter capital, pursuant to an agreement made between them or otherwise is entitled to determine decisions taken by such company.

21.3. A subsidiary shall not be liable for debts of the parent company. The parent company entitled to give binding instructions to its subsidiary, which is to be provided by an agreement with such subsidiary or by its charter, shall be liable jointly with the subsidiary for transactions consummated by the latter in the course of fulfilling such instructions. The parent company shall be deemed entitled to give binding instructions to a subsidiary only if such right is provided by agreement with such subsidiary or the charter of the subsidiary.

In case of insolvency of a subsidiary caused by the parent company, the latter shall have subsidiary liability for its debts. Insolvency of a subsidiary shall be deemed to have been caused by the parent only if the parent company used the opportunity and (or) right available to it to determine decisions of the subsidiary to take actions, and knew in advance that taking such action would result in the subsidiary's insolvency.

Shareholders of a subsidiary shall be entitled to demand that the parent company compensate damages caused by it to the subsidiary. Damages shall be deemed to have been caused by the parent only if the parent company used the opportunity and (or) right available to it to determine decisions of the subsidiary to take actions, and knew in advance that taking such action would result in damages to the subsidiary.

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21.4. A company shall be recognized as dependent if another (dominant) Company owns over 20 percent of voting shares of the first company.

## **22. BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY**

22.1. The Company may establish branches and open representative offices on the territory of the Russian Federation and abroad in compliance with requirements established by the law of the Russian Federation and relevant laws of foreign states, unless otherwise provided by an international treaty of the Russian Federation.

22.2. Branches and representative offices shall not be legal entities, shall act on the basis of the regulation approved by the Company. Branches and representative offices shall receive from the Company that created them property accounted for both on their separate balance sheets and on the balance sheet of the Company.

Heads of branches and representative offices shall be appointed by the Company and shall act on the basis of the power of attorney issued by the Company.

22.3. Branches and representative offices shall operate on behalf of the Company that established them. The Company shall be liable for actions of its branches and representative offices.

## **23. LABOR RELATIONS**

23.1. Labor relations, including hiring and firing, work-rest regime, payment terms and conditions, guarantees and compensations in the Company shall be regulated by the current labor law of the Russian Federation and individual labor agreements (contracts) and internal documents (local acts) of the Company.

23.2. Terms and conditions of individual labor agreements may not worsen employees' conditions compared to those provided by the current law of the Russian Federation.

## **24. REORGANIZATION AND LIQUIDATION OF THE COMPANY**

24.1. Reorganization of the Company (merger, accession, split up, spin off, transformation) shall occur by decision of the general meeting of shareholders pursuant to the procedure provided by the current law of the Russian Federation.

Not later than 30 days of taking decision on reorganization the Company shall notify creditors of the Company thereof.

24.2. Liquidation of the Company shall occur by decision of the general meeting of shareholders or by a court ruling in cases provided by the current law of the Russian Federation.

24.3. Liquidation of the Company shall be executed by the liquidation commission elected by the general meeting of shareholders or appointed by a court of law in cooperation with the body responsible for state registration of legal entities.

24.4. From the moment the liquidation commission is appointed it shall acquire all authority to manage the Company. The liquidation commission shall represent the Company in a court of law.

The liquidation commission shall publish information about liquidation and the procedure and time period for making claims by creditors in a publication designed to publish information on state registration of legal entities.

24.5. The procedure and time period for liquidation of the Company shall be established by the general meeting of shareholders or by a court of law. The time period for making claims by creditors after the announcement of liquidation shall be determined by the current law of the Russian Federation.

24.6. The liquidation commission shall value the Company's property, identify its debtors and creditors and settle accounts with them, take measures to pay the Company's debts to third parties and notify creditors in written form of liquidation of the Company.

If at the time of taking decision on liquidation the Company has no obligations to creditors, its property shall be distributed among shareholders pursuant to the current law of the Russian Federation.

After expiration of the period of time for making claims by creditors the liquidation commission shall prepare an interim liquidation balance sheet containing information about the composition of property of the Company being liquidated, a list of claims made by creditors and results of their consideration.

An interim liquidation balance sheet shall be approved by the general meeting of shareholders or the body that took decision on liquidation of the Company in cooperation with the body responsible for state registration of legal entities.

If available funds are not sufficient to meet creditors' claims, the liquidation commission shall auction the Company's property following the procedure established for execution of judgment.

After settlement of accounts with creditors the liquidation commission shall prepare a liquidation balance sheet to be approved by the general meeting of shareholders or the body that took decision on liquidation of the Company in cooperation with the body responsible for state registration of legal entities.

24.7. The balance of the Company's property remaining after settlement of accounts with the budget, payment of remuneration to employees of the Company, discharging obligations to creditors and holders of the Company's bonds shall be distributed among shareholders pro rata to the number of shares owned by them. Property contributed to the Company by shareholders as payment for their shares shall be returned in kind without remuneration.

24.8. The liquidation commission shall be liable for damages inflicted on the Company, its shareholders and third parties pursuant to the civil law of the Russian Federation.

24.9. Liquidation of the Company shall be deemed completed and the Company terminated from the moment an entry to this effect is made in the unified state register of legal entities.