

Draft amendments to OJSC FETEC Articles of Association

Item No.	Valid revision of Company Articles of Association	Proposed revision of Company Articles of Association
Article 3. Company legal status		
1	absent	<p>3.6. Company management bodies shall be General Meeting of Shareholders, Company Board of Directors, Company Executive Committee and Company Chief Executive Officer.</p> <p>Members of Company Board of Directors, members of Company Executive Committee and Company Chief Executive Officer shall be responsible to Company and its shareholders in accordance with federal laws. Company shall provide for liability insurance for members of Company Board of Directors, members of Company Executive Committee and Company Chief Executive Officer as well as persons who took or will take the above offices in Company management bodies.</p>
Article 6. Company share capital. Issued and authorized shares		
2	<p>6.12. Decision on decrease of Company Share Capital by decrease of the par value of shares or by purchase of part of shares for the purpose of decreasing their total number shall be made by General Meeting of shareholders by a majority of votes of shareholders holding Company voting shares attending the meeting.</p>	<p>6.12. Decision on decrease of Company Share Capital by purchase of part of shares for the purpose of decreasing their total number as well as by cancellation of shares purchased or redeemed by company, which were not sold by Company within one year from the moment of purchase or redemption shall be made by General Meeting of shareholders by a majority of votes of shareholders holding Company voting shares attending the meeting.</p> <p>Decision on decrease of Company Share Capital by decrease of the par value of shares shall be made by General Meeting of shareholders by a majority of three fourths of votes of shareholders holding Company voting shares attending the meeting.</p> <p>If according to audit results Company net assets value proves to be less than Company share capital, decision on decrease of Company Share Capital shall be made by General Meeting of Shareholders holding Company voting shares attending the meeting except in case when such decrease is performed at the proposal of</p>

		Board of Directors down to the value, which is less than Company net assets value, the decision shall be made by General Meeting of shareholders by a majority of three fourths of votes of shareholders holding Company voting shares attending the meeting.
3	<p>10.2. Dividends on preferred stock shall be paid within 60 days since the date of making decision on payment of dividends, unless an earlier period is provided by General Meeting of shareholders.</p> <p>Preferred shares dividends size shall be provided for by clause 8.2 of these Articles of Association.</p>	<p>10.2. Dividends on preferred stock shall be paid within 60 days since the date of making decision on payment of dividends.</p> <p>Preferred shares dividends size shall be provided for by clause 8.2 of these Articles of Association.</p>
4	<p>10.3. Annual dividends on ordinary shares shall be paid before the 31st of December of the fiscal year in which the decision on payment of annual dividends was made, unless an earlier period is provided for by annual General Meeting of shareholders. Dividends on ordinary shares based on the results of the first quarter, six months, nine months of any fiscal year shall be paid within 60 days since the date of making the decision on payment of dividends unless an earlier period is provided for by General Meeting of shareholders.</p>	<p>10.3. Annual dividends on ordinary shares shall be paid before the 31st of December of the fiscal year in which the decision on payment of annual dividends was made. Dividends on ordinary shares based on the results of the first quarter, six months, nine months of any fiscal year shall be paid within 60 days since the date of making the decision on payment of dividends unless an earlier period is provided for by General Meeting of shareholders.</p>
Article 12. General Meeting of Shareholders		
	12.2. The following matters shall be the authority of General Meeting of shareholders and may not be addressed for decision making to the Board of Directors, CEO or the Executive Committee of Company:	
5	10) decrease of Company Share Capital by decreasing par value of shares, purchase of part of shares by Company for the purpose of decreasing their total number and by redemption of shares purchased or redeemed by Company, decision thereon shall be made by a majority of votes of shareholders being owners of Company voting shares and attending Meeting;	10) decrease of Company Share Capital by purchase of part of shares for the purpose of decreasing their total number as well as by cancellation of shares purchased or redeemed by company, which were not sold by Company within one year from the moment of purchase or redemption, according to resolution of General Meeting of shareholders made by a majority of votes of shareholders holding Company voting shares attending the meeting;

6	absent	10.1) decrease of Company Share Capital by decrease of the par value of shares according to resolution of General Meeting of shareholders made by a majority of three fourths of votes of shareholders holding Company voting shares attending the meeting
7	absent	10.2) decrease of Company Share Capital, if according to audit results Company net assets value proves to be less than Company share capital, according to resolution of General Meeting of Shareholders holding Company voting shares attending the meeting except in case when such decrease is performed at the proposal of Board of Directors down to the value, which is less than Company net assets value, the decision shall be made by General Meeting of shareholders by a majority of three thirds of votes of shareholders holding Company voting shares attending the meeting.
8	<p>12.3. General Meeting of shareholders shall be entitled to make decisions on the matters provide for by subclauses 2, 7, 8, 9, 15 – 19, 23, clause 12.2 of these Articles of Association solely by the Board of Directors request. Meantime, other persons entitled in compliance with the current laws of the Russian Federation to move offers in the agenda of any annual or extraordinary General Meeting of shareholders shall not be entitled to demand that the Board of Directors shall bring the said matters in the agenda thereof.</p> <p>General Meeting of shareholders shall not be entitled to consider and decide on the matters which are not related to its authority by the Federal Act <i>On joint-stock companies</i>.</p> <p>General Meeting of shareholders shall not be entitled to consider and decide on the matters which are not included in the agenda and to change agenda.</p>	<p>12.3. General Meeting of shareholders shall be entitled to make decisions on the matters provide for by subclauses 2, 7, 8, 9, 10.1, 15 – 19, 22, clause 12.2 of these Articles of Association solely by the Board of Directors request. Meantime, other persons entitled in compliance with the current laws of the Russian Federation to move offers in the agenda of any annual or extraordinary General Meeting of shareholders shall not be entitled to demand that the Board of Directors shall bring the said matters in the agenda thereof.</p> <p>General Meeting of shareholders shall not be entitled to consider and decide on the matters which are not related to its authority by the Federal Act <i>On joint-stock companies</i>.</p> <p>General Meeting of shareholders shall not be entitled to consider and decide on the matters which are not included in the agenda and to change agenda.</p>
9	<p>12.5. Company shall annually hold annual General Meeting of shareholders.</p> <p>Annual General Meeting of shareholders shall be held not earlier than four months and not later than six months since the fiscal year end.</p> <p>Annual General Meeting of shareholders shall consider the following matters:</p>	<p>12.5. Company shall annually hold annual General Meeting of shareholders.</p> <p>Annual General Meeting of shareholders shall be held not earlier than four months an not later than six months since the fiscal year end.</p> <p>Annual General Meeting of shareholders shall consider the following matters:</p> <ul style="list-style-type: none"> - electing Company Board of Directors,

	<ul style="list-style-type: none"> - electing Company Board of Directors, - electing Company Inspection Commission, - approval of Company auditor, - approval of Company annual reports, annual accounting statements including profit and loss statements/accounts and distribution of profit including payment (declaring) of dividends and Company losses based on fiscal year results and considering other matters related to the authority of General Meeting of shareholders. 	<ul style="list-style-type: none"> - electing Company Inspection Commission, - approval of Company auditor, - approval of Company annual reports, annual accounting statements including profit and loss statements/accounts and distribution of profit including payment (declaring) of dividends, except for profit distributed in the form of dividends as a result of the first quarter, six months and nine months of fiscal year) and Company losses based on fiscal year results and considering other matters related to the authority of General Meeting of shareholders.
10	<p>12.9. Any extraordinary General Meeting of shareholders summoned by demand of Company Inspection Commission, Company auditor and shareholder(s) being owners of at least 10 percent of Company voting shares the agenda of which includes the matter on electing the members of Company Board of Directors shall be convened within 70 days since the day of submitting of the demand to hold that extraordinary General Meeting of shareholders.</p> <p>Should the number of Company Board of Directors members be less than required for quorum to convene Company Board of Directors meetings, the extraordinary General Meeting of shareholders summoned by the decision of Company' Board of Directors by its own initiative for the purpose to decide on electing Company Board of Directors shall be convened within 70 days since the moment of making the decision to hold it by Company Board of Directors.</p>	<p>12.9. Any extraordinary General Meeting of shareholders summoned by demand of Company Inspection Commission, Company auditor and shareholder(s) being owners of at least 10 percent of Company voting shares the agenda of which includes the matter on electing the members of Company Board of Directors shall be convened within 70 days since the day of submitting of the demand to hold that extraordinary General Meeting of shareholders.</p> <p>Should the number of Company Board of Directors members be less than required for quorum to convene Company Board of Directors meetings, the extraordinary General Meeting of shareholders summoned by the decision of Company' Board of Directors by its own initiative for the purpose to decide on electing Company Board of Directors shall be convened within 90 days since the moment of making the decision to hold it by Company Board of Directors.</p>
Article 13. Company Board of Directors		
	13.4. The following matters shall be the authority of the Board of Directors:	
11	1) determining priority directions of Company business including approval of Company annual budget, mid-term and long-term budgets, strategies and development programs, making amendments in the said documents, study of the results of their implementation;	1) determining priority directions of Company business including approval of Company annual budget, mid-term and long-term budgets, strategies and development programs, making amendments in the said documents, study of the results of their implementation as well as consideration of any other issues to be decided on by Board of Directors in accordance with the said documents;

12	absent	9) making decision of the amount of interest (warrant) on Company obligations or procedures for its determination;
13	absent	10) making decision on early payment of Company issued obligations, if resolution for issue of the obligations permits early payment;
14	absent	15) determination of price for purchasing Company issued obligations or procedure for determination of such price;
15	14) recommendations on profit distribution including the size of dividend on Company shares, its payment procedures and Company loss based on fiscal year results;	17) recommendations on profit distribution including the size of dividend on Company shares, its payment procedures and Company loss based on fiscal year results according to fiscal year results;
16	absent	18) approval of internal document concerning dividends on Company shares, making amendments to the document and its voidance;
17	16) approval of internal documents setting forth the procedures of internal control over Company financial and business activities;	20) approval of internal documents setting forth the procedures of internal control over Company financial and business activities; making amendments to the document and its voidance;
18	18) approval of the Provisions on Company division exercising the functions of internal control, preliminary approval of candidates for its head position and dismissal by Company initiative of the said person from office as well as considering other matters to be decided upon by the Board of Directors in compliance with the Provisions on the said division;	22) approval of the Company Internal Audit Department Charter, making amendments to the document and its voidance; preliminary approval of candidates for the position of head of Internal Audit Department and dismissal by Company initiative of the said person from office as well as considering other matters to be decided upon by the Board of Directors in compliance with the Internal Audit Department Charter;
20	23) establishment of branches, opening of representative offices, their winding up, approval of Provisions thereof;	27) establishment of branches, opening of representative offices, their winding up, approval of Charters of branches and representative offices, making amendments to the document and its voidance;
21	28) establishment of collegial executive body (the Executive Committee): setting its powers, appointment of the Executive Committee members, early termination of their powers;	31) establishment of collegial executive body (the Executive Committee): setting its quantitative membership, powers, appointment of the Executive Committee members, early termination of their powers;

22	29) approval of positions overlapping in managing bodies of other entities by the person exercising the functions of Company sole executive body, Company Executive Committee members;	32) preliminary approval of positions overlapping in managing bodies of other entities by the person exercising the functions of Company sole executive body, Company Executive Committee members;
23	31) establishment of permanent or interim committees (to be engaged in certain matters) of the Board of Directors, approval of the provisions on them;	34) establishment of permanent or interim committees (to be engaged in certain matters) of the Board of Directors, approval of the committee charters, making amendments to the document and its voidance;
24	32) appointment and dismissal from office of Company Corporate Secretary, approval of the provisions on the Corporate Secretary and his office;	35) appointment and dismissal from office of Company Corporate Secretary, approval of the Corporate Secretary Charter and his office, making amendments to the document and its voidance;
25	33) approval of the terms and conditions of contracts (addendums) with CEO, the Executive Committee members, heads of branches and representative offices, the head of Company division exercising internal control functions, Company Corporate Secretary and considering the matters decisions thereon shall be made by the Board of Directors in compliance with the said contracts;	36) approval of the terms and conditions of contracts (addendums) with CEO, the Executive Committee members, heads of branches and representative offices, the head of Company Internal Audit Department , Company Corporate Secretary and considering the matters decisions thereon shall be made by the Board of Directors in compliance with the said contracts;
26	34) making decisions on Company participation in other commercial entities (participation as a member, termination of participation, change of the participation share size, the par value of participation share, change of the number of shares or the par value of shares owned by Company);	37) making decisions on Company participation in other commercial entities: - on entity formation by its establishment; - on participation as a member; - on termination of participation, except for termination of any entity where Company is a member; - on change of the participation share size, the par value of participation share, change of the number of shares or the par value of shares owned by Company, except when such changes result from fulfillment of authorized body of any entity where Company is a member as prescribed by court judgement;
27	absent	38) determination of Company opinion on issues within Competence of general meetings of commercial entities where Company is a member, when issues are considered, which may result in termination of Company participation in such entities, changing its participation share, par value of participation share, changing number of shares or par value of shares held by Company;

28	35) making decisions on Company participation in non-commercial organizations except for the cases provided for by subclause 18, clause 12.2 of these Articles of Association by participation as a member, termination of participation, making additional contributions (in-payments) in connection with Company participation in non-commercial organizations;	39) making decisions on Company participation in non-commercial organizations except for the cases provided for by subclause 18, clause 12.2 of these Articles of Association: - on entity formation by its establishment; - on participation as a member; - on termination of participation, except for termination of any entity where Company is a member; - on making additional contributions (in-payments) in connection with Company participation in non-commercial organizations;
29	38) approval of internal document(s) setting forth the rules and approaches to disclosure of information about Company, the procedure for using the information about Company business, Company securities and transactions with them which is not public;	41) approval of internal document(s) setting forth the rules and approaches to disclosure of information about Company, the procedure for using the information about Company business, Company securities and transactions with them which is not public, making amendments to the document and its voidance;
30	42) approval of risk management procedure in Company;	43) approval of programs (procedures, other documents) regulating risk management in Company, as well as consideration of any other issues for which resolutions shall be made by Board of Directors in accordance with the said documents;
31	absent	45) preliminary approval of appointment to the position of Company officer responsible for risk management process arrangement and support in Company and dismissal of such officer from the position at Company's initiative, approval of terms and conditions for employment contract (addenda) with such officer and consideration of issued to be solved by Board of Members in accordance with the said contract;
32	absent	46) approval of terms and conditions of liability insurance contracts for members of Company Board of Directors, members of Company Executive Committee and Company Chief Executive Officer as well as persons who took or will take the above offices in Company management bodies.
33	39) approval of other Company internal documents besides those	47) approval of other Company internal documents besides those

	provided for by clause 13.4 of these Articles of Association regulating the matters of the authority of Company Board of Directors except for the internal documents approval of which is related by Company Articles of Association to the authority of General Meeting of shareholders and Company executive bodies;	provided for by clause 13.4 of these Articles of Association regulating the matters of the authority of Company Board of Directors except for the internal documents approval of which is related by Company Articles of Association to the authority of General Meeting of shareholders and Company executive bodies, making amendments to the document and its voidance ;
34	<p>13.6. Decisions on the matters specified by subclauses 7, 9, 20, clause 13.4 of these Articles of Association shall be made unanimously by all the members of Company Board of Directors except for the votes of the leaving members of Company Board of Directors.</p> <p>Should the unanimity of Company Board of Directors on the matter specified by subclause 20, clause 13.4 of these Articles of Association fail to be reached, the said matter may be brought to General Meeting of shareholders and the decision thereon shall be made by a majority of votes of shareholders – owners of Company voting shares attending that Meeting.</p> <p>Decisions on the matters specified by subclause 21, clause 13.4 of these Articles of Association shall be made by a majority of votes of the independent directors not interested in making the transaction thereof.</p> <p>Should all the members of Company Board of Directors be confided interested persons and/or not be independent directors, such transaction may be approved by decision of General Meeting of shareholders by a majority of votes of all the shareholders – owners of voting shares not interested in the transaction thereof.</p>	<p>13.6. Decisions on the matters specified by subclauses 7, 9, 20, clause 13.4 of these Articles of Association and on the proposal for Company to reduce its share capital down to the value less than its net assets value, if according to audit results Company net assets value proved to be less than share capital, shall be made unanimously by all the members of Company Board of Directors except for the votes of the leaving members of Company Board of Directors.</p> <p>Should the unanimity of Company Board of Directors on the matter specified by subclause 20, clause 13.4 of these Articles of Association fail to be reached, the said matter may be brought to General Meeting of shareholders and the decision thereon shall be made by a majority of votes of shareholders – owners of Company voting shares attending that Meeting.</p> <p>Decisions on the matters specified by subclause 21, clause 13.4 of these Articles of Association shall be made by a majority of votes of the independent directors not interested in making the transaction thereof.</p> <p>Should all the members of Company Board of Directors be confided interested persons and/or not be independent directors, such transaction may be approved by decision of General Meeting of shareholders by a majority of votes of all the shareholders – owners of voting shares not interested in the transaction thereof.</p>
35	13.10. The Board of Directors meetings shall be summoned by the Chairman of the Board of Directors by his own initiative, by request of any member of the Board of Directors, Company Inspection Commission, Company auditor, Company sole or collegial executive body and by request of any shareholder(s) jointly holding at least 5 percent of Company voting shares.	13.10. The Board of Directors meetings shall be summoned by the Chairman of the Board of Directors by his own initiative, by request of any member of the Board of Directors, Board of Directors Committee , Company Inspection Commission, Company auditor, Company sole or collegial executive body, head of Internal Audit Department and by request of any shareholder(s) jointly holding at least 5 percent of

		Company voting shares.
Article 14. Company Executive Committee		
36	<p>14.2. Number of the Executive Committee members and personal structure shall be set forth by decision of Company Board of Directors by proposal of CEO, Company Board of Directors members.</p>	<p>14.2. Term of the office and total number of Company Executive Committee shall be set forth by decision of Company Board of Directors.</p>
37	<p>14.3. The Executive Committee shall be established for the period set forth by Company Board of Directors when appointing its members.</p> <p>By decision of Company Board of Directors, the authorities of any member (all members) of Company Executive Committee may be early terminated.</p> <p>In case of early termination of the authorities of certain members of the Executive Committee, the authorities of new appointed members shall be valid within the period for which Company Executive Committee is established.</p>	<p>14.3. Members of Company Executive committee, excluding Chairman of Company Executive Committee, shall be appointed by Board of Directors. Powers of Chairman of Executive Committee shall be vested in the person functioning as Chief Executive Officer, in accordance with Federal Law <i>On joint stock companies</i>.</p> <p>Proposal for candidates nomination to Company Executive Committee shall include name, place of employment, position, indication of offices in any other organization for each nominated candidate.</p> <p>By decision of Company Board of Directors, the authorities of any member (all members) of Company Executive Committee as appointed by Board of Directors may be early terminated.</p> <p>In case of early termination of the authorities of certain members of the Executive Committee, the authorities of new appointed members shall be valid within the period for which Company Executive Committee is established.</p>
Article 15. Company Chief Executive Officer		
38	<p>15.1. CEO shall be the sole executive body supervising Company everyday business. Company Board of Directors shall appoint CEO.</p>	<p>15.1. CEO shall be the sole executive body supervising Company everyday business. Company Board of Directors shall appoint CEO.</p> <p>Proposal for candidate nomination to the office of Company Chief Executive Officer shall include name, place of employment, position, indication of offices in any other organization for the candidate.</p>

Article 17. Control over Company financial and business activities

17.2. Inspection Commission shall be independent Company body elected at annual General Meeting of shareholders for the period till the next annual General Meeting of shareholders in the number of 5 persons.

17.2.1. Powers of any member or all of the members of Inspection Commission may be early terminated by decision of General Meeting of shareholders.

In case of early termination of the powers of any member(s) of Inspection Commission, the powers of the new Inspection Commission shall be valid till the nearest annual General Meeting of shareholders.

In case if the number of Inspection Commission members becomes less than half the elected Inspection Commission members, the Board of Directors shall summon the extraordinary General Meeting of shareholders to elect the new Inspection Commission. The remaining members of Inspection Commission shall exercise their functions till the electing of the new Inspection Commission at the said extraordinary General Meeting of shareholders.

17.2.2. The following matters shall be the authority of Inspection Commission:

- checking reliability of information containing in Company reports and other financial documents;
- finding out any facts of violations of the procedures for accounting and submission of financial reports set forth by the regulations of the Russian Federation;
- checking the compliance with the regulations when calculating and paying taxes;
- finding out any facts of violations of the regulations of the Russian Federation in compliance with which Company shall exercise its financial and business activities;
- assessment of economic feasibility of Company financial

17.2. Inspection Commission shall be independent Company body elected at annual General Meeting of shareholders for the period till the next annual General Meeting of shareholders in the number of ___ persons.

Inspection Commission shall be deemed properly formed if at least half of the total number of Inspection Commission members is elected as determined by the Articles.

17.2.1. Powers of any member or all of the members of Inspection Commission may be early terminated by decision of General Meeting of shareholders.

In case of early termination of the powers of any member(s) of Inspection Commission, the powers of the new Inspection Commission shall be valid till the nearest annual General Meeting of shareholders.

In case if actual number of Inspection Commission members is less than half of the total number of Inspection Commission members is elected as determined by the Articles, Chairman of Inspection Commission shall notify Company Board of Directors accordingly within 5 days from the moment of such occurrence. The Board of Directors shall summon the extraordinary General Meeting of shareholders to elect the new Inspection Commission.

17.2.2. The following matters shall be the authority of Inspection Commission:

- **checking compliance of Company executive bodies resolutions and actions, including contracts executed and transactions made, with legislative requirements;**
- **checking compliance of accounting procedures and preparation of accounting statements with valid regulations;**
- **analysis of Company financial situation;**
- **analysis of promptness and correctness of settlements with budgets at various levels and Company shareholders;**
- **evaluation of economic feasibility of Company business transactions.**

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