

APPROVED BY:
Decision of the Annual General Meeting of
Shareholders of OJSC LSR Group
of 07 April 2011
Minutes No. 1/2011 of 07 April 2011
Chairperson of the Meeting

(I.M. Levit)

Secretary of the Meeting

(I.G. Bogacheva)

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REGULATIONS ON THE BOARD OF DIRECTORS

OJSC LSR Group

(Revised)

St. Petersburg

2011

1. GENERAL PROVISIONS

1.1. These Regulations on the Board of Directors of Open Joint Stock Company LSR Group (hereinafter – the “Regulations”) are construed in accordance with the laws of the Russian Federation and the Charter of OJSC LSR Group (hereinafter - the “Company”) and set out the procedure for the activities of the Board of Directors of the Company.

1.2. The Board of Directors is a body that carries out general management of the Company’s activities save for the matters referred to the competence of the General Meeting of Shareholders in accordance with federal laws and the Company’s Charter.

1.3. In its activities, the Board of Directors shall be guided by the laws of the Russian Federation, the Charter of the Company, these Regulations and other internal documents of the Company.

2. OBJECTIVES OF THE BOARD OF DIRECTORS

2.1. The key objectives of the Board of Directors are as follows:

- determining the Company’s development strategy aimed at increasing the equity value of the Company in the long-term subject to the macroeconomic situation;
- ensuring effective control over the financial and business activities of the Company;
- providing for the exercise and protection of shareholders’ rights as well as assistance in resolving corporate conflicts.

3. COMPETENCE OF THE BOARD OF DIRECTORS

3.1. The competence of the Board of Directors is stipulated in the Federal Law on Joint-Stock Companies and the Company’s Charter.

The competence of the Board of Directors shall include resolving matters relating to the general management of the Company’s activity save for the matters referred to the competence of the General Meeting of Shareholders in accordance with the Federal Law on Joint-Stock Companies and the Company’s Charter.

The competence of the Board of Directors of the Company shall include:

- 1) determination of the priorities of the Company’s activities including the approval of strategic plans, annual and quarterly budgets of the Company;
- 2) convening of annual and extraordinary General Meetings of Shareholders except for cases set forth in Article 55 (8) of the Federal Law on Joint-Stock Companies;
- 3) approval of the agenda of the General Meeting of Shareholders of the Company;
- 4) determination of the date for preparing the list of persons entitled to attend the General Meeting of Shareholders of the Company, and other matters referred to the competence of the Board of Directors in accordance with the provisions of Chapter VII of the Federal Law on Joint-Stock Companies and relating to the preparation and holding of the General Meeting of Shareholders;
- 5) preliminary approval of the annual reports of the Company;

- 6) establishment of executive bodies of the Company and early termination of their powers including:
 - election and early termination of powers of the Chief Executive Officer, determination of the amount of his/her remuneration and compensations, approval and modification of the terms and conditions of the contract stipulating his/her rights and duties, and termination thereof;
 - determination of the number of members of the Management Board and the term of its powers, election and early termination of powers of Management Board members (by motion of the CEO);
 - submittal to the General Meeting of Shareholders for resolution the issue of transferring the powers of the Company's sole executive body to a management entity or a manager, and early termination of powers of the management entity (manager);
- 7) increase in the Company's charter capital by means of placing additional shares within the quantity and categories (types) of authorized shares for the Company's assets when the placement of additional shares is carried out through distributing them among the shareholders;
- 8) increase in the Company's charter capital by means of placing additional ordinary shares within the quantity of authorized shares of this category (type) by open subscription in the amount of 25 or less percent of the previously placed ordinary shares of the Company;
- 9) increase in the Company's charter capital by means of placing additional preferred shares within the quantity of authorized shares of this category (type) by open subscription;
- 10) placement by open subscription of bonds convertible into ordinary shares and other issued securities that may be converted into ordinary shares in the amount of 25 or less percent of the previously placed ordinary shares;
- 11) placement of bonds convertible into preferred shares and other issued securities convertible into preferred shares by open subscription;
- 12) placement of bonds non-convertible into shares and other issued securities non-convertible into shares;
- 13) adoption of a decision on securities issue, prospectus and amendments thereto;
- 14) determination of the price (monetary evaluation) of the assets, price of placement and redemption of issued securities in cases stipulated by the Federal Law on Joint-Stock Companies;
- 15) acquisition of shares placed by the Company pursuant to Article 72 (2) of the Federal Law on Joint-Stock Companies;
- 16) acquisition of bonds and other securities placed by the Company in cases stipulated by the Federal Law on Joint-Stock Companies;
- 17) approval of reports on results of shares purchase in accordance with Article 72 (1) of the Federal Law on Joint-Stock Companies;
- 18) recommendations to the General Meeting of Shareholders on the amount of remunerations and compensations payable to the members of the Audit Committee;
- 19) determination of the amount payable for the services of the Company's auditor;
- 20) recommendations to the General Meeting of Shareholders on the amount of dividends on shares and procedure for their payment;
- 21) recommendations to the General Meeting of Shareholders on the profit and loss distribution procedure of the Company based on the results of the financial year;
- 22) use of the reserve fund and other funds of the Company;

- 23) approval of Company's internal documents except for internal documents regulating the activities of the Company's bodies established by resolution of the General Meeting of Shareholders as well as other internal documents of the Company to be approved by executive bodies of the Company in accordance with the Company's Charter, and approval of amendments thereto;
- 24) approval of the Company's internal document on the use of information regarding the Company's activities, securities and transactions which is not publicly available and disclosure of which may have a material effect on the market value of Company's securities;
- 25) approval of the Company's internal document on internal control procedure for the financial and business activities of the Company. A separate department of the Company shall exercise control over compliance with the internal control procedure;
- 26) establishment and liquidation of the Company's branches, representative offices, adoption of regulations on branches and representative offices, making of amendments and supplements thereto;
- 27) amendment of the Company's Charter in respect of establishment of branches and representative offices of the Company and their liquidation;
- 28) approval of major transactions in cases stipulated in Chapter X of the Federal Law on Joint-Stock Companies;
- 29) approval of transactions stipulated by Chapter XI of the Federal Law on Joint-Stock Companies;
- 30) adoption of the Company's registrar and the terms and conditions of agreement therewith and termination of the agreement with the registrar;
- 31) adoption of decisions on participation and termination of participation of the Company in other entities (except for the entities specified in Article 48 (1.18) of the Federal Law on Joint-Stock Companies);
- 32) approval of a transaction or several related transactions carried out by the Company with respect to the Company's shares of or participatory interests in subsidiaries and related companies;
- 33) approval of a transaction or several related transactions on acquisition by the Company of shares of and participatory interests in other companies if such companies become subsidiaries or related companies of the Company;
- 34) adoption of decisions on participation and termination of participation of subsidiaries and affiliated companies in other entities;
- 35) approval of a transaction or several related transactions made by subsidiaries and related companies, with respect to shares of or participatory interests in subsidiaries and related companies;
- 36) approval of a transaction or several related transactions on acquisition by subsidiaries and related companies of shares of and participatory interests in other companies if such companies become subsidiaries or related companies of subsidiaries and related companies of the Company;
- 37) Approval of transactions not specified in Subparas. 35 and 36, Para.3.1 hereof, and performed by subsidiaries and affiliates with respect to the acquisition, alienation or proposed alienation, directly or indirectly, by such companies of property accounting for 25 percent or more of the book value of such companies determined on the basis of their financial statements, as of the latest reporting date, save for transactions involving the provision of collateral by the above companies to secure fulfillment of obligations of the Company and/or its subsidiaries and affiliates to credit institutions, foreign banks, or state corporations;

- 38) approval of transactions, indicated in Subclauses 34-37, Clause 3.1 hereof, made by companies, in which the Company has indirect participatory interest of more than 50% in their charter capital through its subsidiaries;
- 39) adoption of the decision on inspection of the financial and business activities of the Company at any time;
- 40) adoption of the decision to suspend the authority of the management entity;
- 41) determination of the list of additional documents to be kept by the Company;
- 42) evaluation of performance of plans and budgets by executive bodies;
- 43) establishment of committees of the Board of Directors, approval of regulations thereon and election of chairmen and members thereof;
- 44) appointment of Corporate Secretary;
- 45) adoption of decisions on construing of the Company's Charter and internal documents with respect to the distribution of powers between the Board of Directors and executive bodies;
- 46) review of proposals of the shareholders with respect to candidates to the Board of Directors, Audit Committee and adoption of decisions on including the candidates in the nominees' lists for voting at the General Meeting of Shareholders;
- 47) review of the motions received from shareholders:
 - regarding the items to be included in the agenda of the General Meeting of Shareholders;
 - regarding the convening of extraordinary General Meeting of Shareholders and adoption of the decision to convene or refuse to convene it within five days;
- 48) circulation of the decision to convene an extraordinary General Shareholders Meeting or motivated refusal to convene it to the persons concerned no later than three (3) days from adopting such decision;
- 49) resolution of matters related to the preparation and holding of the General Meeting of Shareholders, including the determination of:
 - the form, date, place and time of holding of the General Meeting of Shareholders;
 - the starting time for registration of persons attending the General Meeting of Shareholders;
 - the postal address to which completed voting ballots may be sent or in case of a General Meeting of Shareholders held in absentia, the ballot submission date and the postal address to which completed voting ballots should be sent;
 - the date of preparation of the list of persons entitled to attend the General Meeting of Shareholders;
 - procedure for giving notice of General Meeting of Shareholders to shareholders;
 - the list of information/materials to be provided to the shareholders in preparation for the General Meeting of Shareholders, and information distribution procedure;
 - the voting ballot form and text in case of voting in absentia;
 - reviewing and submission of the procedure for holding the General Meeting of Shareholders to the General Meeting of Shareholders for approval; and
 - any other matters referred to the competence of the Board of Directors in accordance with provisions of Chapter VII of the Federal Law on Joint-Stock Companies and related to the preparation and holding of the General Meeting of Shareholders;
- 50) submission of the following proposals to the General Meeting of Shareholders for approval:

- reorganization of the Company;
 - increase in the Company's charter capital by means of increasing the nominal share value;
 - increase in the Company's charter capital by means of placing shares by closed subscription;
 - increase in the Company's charter capital by means of placing shares by open subscription to ordinary shares accounting for over 25 percent of the previously placed ordinary shares;
 - increase in the Company's charter capital by means of placing shares by open subscription to ordinary shares in the amount of 25 and less percent of the previously placed ordinary shares in case the Board of Directors fails to reach unanimity on this issue;
 - increase in the Company's charter capital by means of placing additional shares within the quantity and categories (types) of authorized shares using Company's assets when placement of additional shares is carried out by means of their purchase by shareholders in case the Board of Directors fails to reach unanimity on this issue;
 - increase in the Company's charter capital by way of placing additional preferred shares within the quantity of authorized shares of this category (type) by means of open subscription if the Board of Directors fails to reach unanimity on this issue;
 - decrease in the Company's charter capital by means of decrease in the nominal share value, acquisition of shares by the Company in order to reduce their total quantity, and by means of redeeming acquired and bought out shares of the Company (shares at the Company's disposal);
 - splitting and consolidation of shares;
 - adoption of decisions on approval of transactions in cases set forth in Article 83 of the Federal Law on Joint-Stock Companies;
 - adoption of decisions on approval of major transactions in cases set forth in Article 79 of the Federal Law on Joint-Stock Companies;
 - adoption of the decision on participation in holding companies, financial and industrial groups, associations and other unions of business entities;
 - adoption of the decision on transfer of powers of the sole executive body of the Company to a business entity (management company) or sole proprietor (manager) under a contract;
 - approval of internal documents regulating the activity of the Company's bodies;
 - adoption of the decision on payment of remuneration to the members of the Audit Committee and/or compensation of expenses incurred in the performance of their responsibilities.
- 51) any other issues set forth in the Federal Law on Joint-Stock Companies and the Company's Charter as well as referred to the competence of the Executive Committee and/or the Chief Executive Officer, accepted by the Board of Directors for consideration.

3.2. The matters within the competence of the Board of Directors may not be referred to executive bodies of the Company for resolution.

4. BOARD OF DIRECTORS AND ITS FORMATION

4.1. All members of the Board of Directors shall be elected by the General Meeting of Shareholders. The number of members of the Board of Directors shall be determined by resolution of the General Meeting of Shareholders but shall not be less than five members for the term until the next annual General Meeting of Shareholders.

The Board of Directors shall have at least one member of the Board who meets the requirements of independence as specified in Article 4.3 hereof.

If an annual General Meeting of Shareholders was not held within the time-limits set forth in Article 47 (1) of the Federal Law on Joint-Stock Companies, the powers of the Board of Directors shall be terminated except for the authority to prepare, convene and hold the annual General Meeting of Shareholders.

In case of expiry of the term of the Board of Directors, and the failure of the annual General Meeting of Shareholders to elect members of the Board of Directors in the number constituting a quorum for holding a meeting of the Board of Directors, the powers of the Board of Directors shall be terminated except for the authority to prepare, convene and hold the General Meeting of Shareholders.

4.2. A member of the Board of Directors may not be a Company shareholder. Only a natural person may be a member of the Board of Directors.

4.3 A member of the Board of Directors shall be deemed independent if he/she meets the following criteria:

- is not an officer or employee of the Company (manager) as of the time of election and for the period of one (1) year preceding the election;
- is not an officer of another company wherein any of the officers of such company is a member of the Board of Directors, with human resources and compensations falling within his/her competence;
- is not a spouse, parent, child, brother or sister of any officers (manager) of the Company (officer of the management company of the Company);
- is not an affiliated person of the Company except for the reason of being a member of the Board of Directors of the Company;
- is not a party to obligations with the Company pursuant to which they may acquire property (obtain monetary funds) in the amount of ten (10) percent or more of the aggregate annual income of the said persons, except for obtaining remuneration related to participation in the activity of the Board of Directors of the Company;
- is not a representative of the government;
- is not a member of the Board of Directors of the Company as of the date of re-election and for seven years preceding such re-election.

4.4. A member of the Board of Directors may at any time voluntarily resign upon written notification to the Board of Directors indicating the date of resignation.

4.5. The General Meeting of Shareholders may at any time pass a resolution on early termination of powers of the whole Board of Directors.

In case of early termination of powers of the Board of Directors, the powers of the new Board of Directors elected by an extraordinary General Meeting of Shareholders shall continue effective until the next annual General Meeting of Shareholders.

4.6. Members of the Board of Directors shall be elected by cumulative voting. The persons elected to the Board of Directors may be re-elected an unlimited number of times except for the Independent Directors who may not be members of the Board of Directors for more than seven years.

4.7. The shareholder(s) of the Company holding a total of at least 2% of the Company's voting shares, may within no more than 60 days after the end of the financial year of the Company, nominate candidates to the Board of Directors of the Company whose number may not exceed the number of members of the Board of Directors.

For making shareholders' proposals on nominating candidates to the Board of Directors of the Company including self-nomination, the application shall specify the full name, ID data (series and/or number of document, date and place of issue, issuer) of each nominee, year of birth, education (specifying the educational institution graduated), information on positions, including positions with management bodies of other legal entities for the last five (5) years. A written consent of the candidates nominated to the Board of Directors of the Company shall be attached to the application.

Proposals on nominees shall be submitted in writing to the Chairman of the Board of Directors or the Head of Secretariat of the Board of Directors specifying the name of the shareholder(s) submitting them and the quantity and category (type) of the shares owned. The proposals shall be signed by the shareholder(s).

4.8. The Board of Directors of the Company is obligated to review the proposals received and adopt a decision on inclusion of the candidates in the list of nominees for election to the Board of Directors or refusal no later than 65 days from the end of the financial year.

A motivated decision of the Company's Board of Directors to refuse to include candidates in the nominees' list for election to the Board of Directors shall be sent to the shareholder(s) submitting the proposal at least three days from taking the decision.

4.9. In case of absence or insufficient number of candidates nominated by shareholders to the Board of Director, the Board of Directors may include candidates in the nominees' list at its option.

4.10. No later than one month from the date of the General Meeting of Shareholders that elected the Board of Directors the first meeting of the Company's Board of Directors shall be held to determine, confirm or update the prioritized activities of the Company's Board of Directors, establish its committees and elect committee chairpersons.

5. RIGHTS AND DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

5.1. For exercising their rights and performing their duties members of the Board of Directors shall act for the benefit of the Company, exercise their rights and perform their duties with respect to the Company reasonably and in good faith.

5.2. A member of the Board of Directors shall:

- take part in the meetings of the Board of Directors and Board committees, in particular, in discussions of agenda items at meetings of the Board of Directors and voting on such items;
- act within his/her powers in accordance with the goals and objectives of the Board of Directors;
- not disclose and not use for his/her personal benefit or for the benefit of third parties any confidential information and documentation of the Company constituting official or commercial secrets including insider information;
- send in due time to the Head of Secretariat of the Board of Directors voting ballots for decision-making of the Board of Directors in case of absentee vote;
- notify in due time the Head of Secretariat of the Board of Directors on his/her inability to attend a forthcoming meeting of the Board of Directors specifying the reasons;
- inform the Head of Secretariat of the Board of Directors about the address to which the Board of Directors should send documents addressed to him/her;
- in due time disclose to the Company information about his/her holdings of Company's securities as well as the sale (no later than 5 five days in advance) and/or purchase of such securities;
- inform the Board of Directors about proposed transactions in which he/she may be deemed an interested party;
- inform the Board of Directors in writing about any conflict between his/her own interests and those of the Company;
- inform the Board of Directors of the Company and its auditor about legal entities in whose management bodies he/she holds any positions.

5.3. A member of the Board of Directors may:

- participate in taking decisions on issues related to the competence of the Board of Directors and introduce proposals regarding the Company's activities at the meetings of the Board of Directors within the competence determined by the existing legislation of the Russian Federation, the Company's Charter and these Regulations. In case of disagreement with any decision taken he/she may submit his/her dissenting opinion and demand its attachment to the minutes;
- receive from the Company's officers in due order additional information required for taking decisions with respect to agenda items of the meeting of the Board of Directors;
- demand to convene a meeting of the Board of Directors;
- receive remuneration and compensation for performing his/her responsibilities under the decision of the General Meeting of Shareholders and according to the procedure set forth by these Regulations;
- at any time voluntarily resign upon written notification to the Chairman of the Board of Directors.

6. CHAIRMAN OF THE BOARD OF DIRECTORS AND ADMINISTRATION OF THE BOARD OF DIRECTORS

6.1. The Chairman of the Board of Directors shall organize the effective work of the Board of Directors and its cooperation with other bodies of the Company.

6.2. Chairman of the Board of Directors shall be elected by the members of the Board of Directors from its members by a majority of votes of the total number of the members of the Board of Directors, with the votes of retired members of the Board of Directors disregarded.

6.3. The person performing the functions of the sole executive body of the Company may not simultaneously be Chairman of the Board of Directors.

6.4. The Board of Directors may at any time re-elect its Chairman. The decision shall be adopted by a majority of votes of the total number of the members of the Board of Directors, with the votes of retired members of the Board of Directors disregarded.

6.5. The Chairman of the Board of Directors shall organize its work, convene meetings of the Board of Directors, chair thereat and arrange the minutes thereof. The Board of Directors shall establish the Secretariat of the Board of Directors. The number of members and the work procedure of the Secretariat of the Board of Directors shall be set forth in the Regulations on the Secretariat of the Board of Directors to be approved by the Board of Directors. The minutes of a meeting of the Board of Directors shall be signed by the Chairman, Head of Secretariat of the Board of Directors and a member of the Board of Directors

6.6. In the absence of the Chairman of the Board of Directors, his/her functions shall be performed by a member of the Board of Directors by decision of the Board of Directors.

6.7. The Chairman of the Board of Directors may sign:

- employment agreement (contract) with the Chief Executive Officer of the Company;
- minutes of meetings of the Board of Directors;
- extracts from the minutes of General Meetings of Shareholders and meetings of the Board of Directors of the Company;
- any other documents referred to the competence of the Board of Directors.

6.8. The key objective of the Secretariat of the Board of Directors shall be making arrangements to prepare for and hold meetings of the Board of Directors in accordance with the legislation of the Russian Federation, the Company's Charter and these Regulations.

6.9. The Secretariat of the Board of Directors shall:

- notify all members of the Board of Directors of meetings of the Board of Directors, and if necessary provide for circulating/serving to them voting ballots, collect completed voting ballots, written opinions of members of the Board of Directors absent from a meeting, and transfer them to the Chairman of the Board of Directors;
- during the meeting of the Board of Directors held in the forms set forth in Subparas. 8.3.1 and 8.3.2 hereof, provide for proper compliance with the procedure for holding a meeting of the Board of Directors and keep the minutes of the meeting of the Board of Directors;
- assist the members of the Board of Directors in obtaining information they need;
- inform the Chairman of the Board of Directors on all the facts interfering with the compliance with the procedures he/she is to provide for;
- provide for keeping and storing of the documents of the Board of Directors.

7. COMMITTEES OF THE BOARD OF DIRECTORS

7.1. For preliminary review of the most important matters related to the competence of the Board of Directors of the Company, and preparation of recommendations to the Board of Directors of the Company for taking decisions on such matters, the Audit Committee and other committees shall be established under the Board of Directors of the Company.

The Board of Directors of the Company may establish standing or ad hoc (for resolving particular matters) committees as it may deem necessary.

7.2. The number of members and work procedure of the committees shall be set forth in the regulations on respective committees to be approved by the Board of Directors of the Company.

8. MEETINGS OF THE BOARD OF DIRECTORS

8.1. Meetings of the Board of Directors shall be held on a regular basis in accordance with a Board Meeting Plan.

8.2. The first meeting of the Board of Directors shall be held no later than one month from the date of the General Meeting of Shareholders that elected the Board of Directors. The first meeting shall elect Chairman of the Board of Directors and identify the prioritized activities of the Board of Directors.

Subsequently the meetings of the Board of Directors shall be held as needed but at least once every quarter of the year.

8.3. The Board of Directors may hold its meetings in the following forms:

8.3.1. simultaneous attendance of members of the Board of Directors in a particular place to discuss agenda items and take decisions thereon;

8.3.2. simultaneous discussion of agenda items and taking decisions thereon using remote access facilities for unified audio-video conferencing ensuring protection against unauthorized access and reliable identification of meeting participants;

8.3.3. reviewing of agenda items and taking decisions thereon without simultaneous discussion by means of completing ballots in writing (absentee vote).

8.4. Decisions on the matters listed below may be taken by a meeting of the Board of Directors held only in a form stipulated in 8.3.1 – 8.3.2 of the present Regulations:

- approval of the prioritized activities and the financial and business plan of the Company;
- convening of the annual General Meeting of Shareholders;
- preliminary approval of the annual report;
- convening of or refusal to convene an extraordinary General Meeting of Shareholders of the Company;
- election or re-election of the Chairman of the Board of Directors;
- establishment of executive bodies of the Company and early termination of their powers;
- increase in the charter capital by means of placing additional shares within the quantity and categories (types) of authorized shares.

8.5. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors upon his/her own initiative, upon request of a member of the Company's Board of Directors, Audit Committee or Auditor, Chief Executive Officer of the Company, shareholder(s) holding 10 or more percent of the voting shares of the Company, and a committee of the Board of Directors of the Company.

The request to convene a meeting of the Board of Directors should contain the full name of the meeting initiator, proposed agenda, reasons for discussing a particular matter and the form of meeting.

8.6. The agenda of the next meeting of the Board of Directors shall be determined by the Chairman of the Board of Directors jointly with the Chief Executive Officer the Company or by the person(s) at whose initiative the Board of Directors is convened.

If necessary the Board of Directors may invite to its meetings specialists, Company's auditors and members of the Audit Committee.

The Chairman of the Board of Directors may include additional items in the agenda as well as postpone the review of planned items that may not be reviewed for reasons beyond the control of the Board of Directors.

8.7. On the instructions of the Chairman of the Board of Directors, notice of a forthcoming meeting shall be given by the Head of Secretariat of the Board of Directors to each member of the Board of Directors at least three (3) days prior the meeting of the Board of Directors.

The notice shall specify the date, time and place, the form of meeting and its agenda. The required documents relating the items on the agenda of the meeting of the Board of Directors shall be attached to the notice.

8.8. The notice of the meeting of the Board of Directors and the documents relating to the items on the agenda of the meeting shall be sent to the members of the Board of Directors by facsimile and/or electronic communication devices.

The notice of the meeting of the Board of Directors and the documents relating to the items on the agenda of the meeting may not be passed over via other persons including other members of the Board of Directors.

8.9. In the event that a meeting of the Board of Directors is held by absentee vote, the Head of Secretariat of the Board of Directors shall circulate the following documents to each member of the Board of Directors:

- agenda of the meeting of the Board of Directors;
- draft minutes of the meeting of Board of Directors;
- documents relating to the items on the agenda of the meeting of the Board of Directors;
- ballots for absentee vote.

8.10. The meetings of the Board of Directors shall elaborate specific decisions on items on the agenda. The draft decision may be prepared by the Chairman and/or a member of the Board of Directors.

8.11. The meeting of the Board of Directors shall be quorate (have a quorum) if more than 50% of the elected members of the Board of Directors take part in the meeting (absentee vote), except for a quorum on matters to be resolved in accordance with the Federal Law on Joint-Stock Companies and the Company's Charter unanimously, by a majority of three fourths of the votes or a majority of the members of the Board of Directors not related to the Company's transaction.

8.12. Decisions shall be adopted by the meeting of the Board of Directors by a majority of votes of the members of the Board of Directors taking part in the meeting (absentee vote) unless a bigger number of votes is stipulated by the Charter of the Company or the Federal Law on Joint-Stock Companies for adopting relevant decisions.

8.13. Decisions on the following matters shall be adopted unanimously by all members of the Board of Directors:

- 1) increase in the charter capital of the Company by means of placing additional shares within the quantity and categories (types) of authorized shares using the Company's assets when placement of additional shares shall be carried out through their purchase by the shareholders;
- 2) increase in the Company's authorized capital by means of placing ordinary shares within the quantity and categories (types) by open subscription in the amount of 25 and less percent of the previously placed ordinary shares of the Company;
- 3) increase in the Company's authorized capital by means of placing additional preferred shares within the quantity of authorized shares of this category (type) by open subscription;
- 4) approval of a major transaction related to property, with a value between 25 and 50 percent of the book value of Company's assets.

If no unanimity of the Board of Directors is reached with respect to the above matters, the matters may be resolved by General Meeting of Shareholders.

The decision on approval of an interested party transaction shall be adopted by a majority of the members the Board of Directors not related to the transaction. If the number of directors not related to the transaction is less than the quorum determined by the Charter for holding a meeting of the Board of Directors, the decision on the matter shall be adopted by General Meeting of Shareholders.

8.14. Each member of the Board of Directors shall have one vote at the meeting of the Board of Directors.

Vote transfer by a member of the Board of Directors to another person including another member of the Board of Directors shall not be allowed.

In case the number of votes of the members of the Board of Directors is equal, the Chairman of the Board of Directors shall have a decisive vote.

8.15. Decisions of the Board of Directors within its competence shall be binding for the executive bodies and the officers of the Company.

8.16. The minutes of the meeting of the Board of Directors shall be prepared no later than three (3) days following the meeting.

The minutes of the meeting shall specify the place and time of the meeting, persons participating in the meeting, the agenda of the meeting, items put to vote and voting results thereon; decisions adopted.

The minutes shall be signed by the Chairman of the Board of Directors or the Chairman of the Meeting elected by a simple majority of the Board members attending the meeting, Head of Secretariat of the Board of Directors and a member of the Board of Directors.

8.17. The minutes shall be numbered from the beginning of the financial year.

The finalized and signed minutes shall be kept on the premises of the Company's sole executive body.

8.18. For determining the quorum and voting results with respect to items on the agenda, a written opinion of the member of the Board of Directors absent from the Meeting of the Board of Directors shall be considered for the meetings held in the forms specified in Subparas. 8.3.1 and 8.3.2 hereof.

Written opinions should be submitted by members of the Board of Directors before the meeting of the Board of Directors. The written opinion of a Board Member may contain his/her voting both on all items on the agenda and particular items. The written opinion of a member of the Board of Directors shall be considered only for determining the quorum and the voting results with respect to agenda items voted by the member of the Board of Directors.

If a copy of the written opinion of a member of the Board of Directors was not included in the information (materials) distributed to the members of the Board of Directors prior to the meeting, the Chairman of the Meeting shall announce the written opinion of the member of the Board of Directors absent from the meeting of the Board of Directors before voting on the agenda items regarding which the opinion was submitted.

In case the member of the Board of Directors is attending the meeting of the Board of Directors, his/her written opinion received prior to the meeting shall not be announced and shall not be considered for determining the quorum and the voting results.

8.20. The Chief Executive Officer of the Company shall provide for the necessary conditions for the performance by the Board of Directors of its functions including providing premises with modern communication devices, access to copying, reprographics and computer equipment.

9. RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

9.1. For exercising their rights and performing their duties the members of the Board of Directors shall act for the benefit of the Company and exercise their rights and perform their duties with respect to the Company reasonably and in good faith.

The members of the Board of Directors of the Company shall be held liable:

- to the Company for damages caused by the Company by their guilty actions (inactivity) unless other grounds and liability amount are established by federal laws;
- to the Company or shareholders for damages caused by their guilty actions (inactivity) violating the Company's share acquisition procedure established by the Federal Law on Joint-Stock Companies.

However, no liability shall be incurred by the Members of the Board of Directors who voted against a decision that resulted in damages upon the Company, or those who did not take part in the vote.

9.3. The Members of the Board of Directors shall be liable to the Company or shareholders for damages caused to the Company as a result of disclosing or using for personal interest or third parties' interest the confidential information of the Company including information constituting Company's commercial secret and insider information. The list of information deemed Company's confidential information including information constituting Company's commercial secret as well as insider information shall be determined by internal documents of the Company to be read and understood by the Members of the Board of Directors against signature. Each member of the Board of Directors of the Company is obliged to sign an agreement with the Company not to disclose confidential information (including information constituting commercial secret and insider information) that he/she becomes aware of in connection with the performance of functions of the member of the Company's Board of Directors.

10. REMUNERATION AND COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

10.1. During the period of performing their duties the members of the Board of Directors shall be compensated for their expenses documented in accordance with the laws of the Russian Federation and related to the performance of Board members' functions.

10.2. The remuneration of an Independent Director of the Company's Board and remuneration conditions shall be set forth in an agreement to be concluded between the Company and the Independent Director of the Board. The terms and conditions of the agreement to be concluded with each Independent Director shall be approved by the Board of Directors.

10.3. Board members who are also employed by the Company are not entitled to any additional fixed remuneration for their work at the Board of Directors and its committees.

10.4. Each member of the Board of Directors is entitled to compensation of expenses incurred in performing his/her responsibilities. The expenses to be compensated include documented expenses for payment of air and railway tickets purchased for the member of the Board of Directors regardless of the travel class, and other expenses for traveling to the destination and back; representative expenses; accommodation costs; airport fees, commissions, costs of transfer to the airport or railway station at places of departure, destination or transfer.

10.5. The remuneration shall be payable within thirty (30) days from the termination of powers of the members of the Board of Directors of the Company.

10.6. In case of early termination of powers of the members of the Board of Directors the amount of remuneration due shall be determined proportionally to the actual time of performance of their duties.

10.7. The compensations shall be payable within ten (10) days from the submission of the application for compensation payment and supporting documents.

10.8. The amount of remuneration and compensation may be changed by resolution of the General Meeting of Shareholders.

10.9. The General Meeting of Shareholders may consider the payment of remunerations and compensations to members of the Board of Directors for performing their duties as a separate item on the agenda of the General Meeting of Shareholders or as part of the item on profit distribution based on the results of the financial year.

11. FINAL PROVISIONS

11.1. These Regulations on the Board of Directors as well as all supplements and amendments hereto shall be approved by the General Meeting of Shareholders.

11.2. Proposals on amendments and supplements hereto shall be made in the manner set forth in the Company's Charter for including proposals in the agenda of an annual or extraordinary General Meeting of Shareholders.