

**APPROVED by the
Resolution of the General Meeting of Shareholders of
PSC “VSMPO-AVISMA Corporation”
dated _____, 2007
Minutes No.____ dated _____2007**

Chairman of the General Meeting of Shareholders

REGULATIONS

FOR THE BOARD OF DIRECTORS

OF THE PUBLIC STOCK COMPANY

“VSMPO – AVISMA CORPORATION”
(new revision)

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TABLE OF CONTENTS**PAGE**

1. GENERAL	3
2. OBJECTIVES AND PRINCIPLES OF THE BOARD OF DIRECTORS	3
3. COMPETENCE OF THE BOARD OF DIRECTORS	3
4. ELECTION OF THE BOARD OF DIRECTORS	6
5. RIGHTS AND DUTIES OF A MEMBER OF THE BOARD OF DIRECTORS	7
6. OBLIGATIONS OF THE SOLE EXECUTIVE OFFICER (DIRECTOR GENERAL) TO FULFILL REQUIREMENTS OF THE BOARD OF DIRECTORS	8
7. CHAIRMAN OF THE BOARD OF DIRECTORS.....	8
8. SECRETARY OF THE BOARD OF DIRECTORS.....	9
9. REMUNERATIONS AND COMPENSATIONS TO THE MEMBERS OF THE BOARD OF DIRECTORS	9
10. MEETING OF THE BOARD OF DIRECTORS	10
11. MINUTES OF THE BOARD OF DIRECTORS MEETING	15
12. CONFLICT OF INTERESTS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY	16
13. COMMITTEES OF THE BOARD OF DIRECTORS	16
14. LIABILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS	17
15. PROCEDURE FOR APPROVAL AND INTRODUCTION OF CHANGES TO THE PRESENT REGULATIONS.....	17

1. GENERAL

1.1. The present Regulations are accepted and have effect in accordance with the current RF legislation, including RF Civil Code, the Federal Law on Joint Stock Companies, and Bylaws of PSC “VSMPO-AVISMA Corporation” (hereinafter “Company”).

The present Regulations determine the principles of activity, status, scope of competence, election procedure, rights and duties of the members of the Board of Directors of the Company..

1.2. The Board of Directors performs general control over the Company’s activity, except for the issues falling within the competence of the General Meeting of Shareholders in accordance with the Federal Law on Joint Stock Companies and the Company Bylaws.

In accordance with the decision of the General Meeting of Shareholders the members of the Board of Directors may receive remuneration and (or) compensation for expenses incurred by them when fulfilling their duties at the time of such fulfillment. The amount of such remunerations and compensations shall be determined by the General Meeting of Shareholders.

2. OBJECTIVES AND PRINCIPLES OF THE BOARD OF DIRECTORS

2..1. The objectives of the Board of Directors activity are to ensure gaining maximum profit and increase in the Company’s assets, protect the rights and legal interest of shareholders, carry out continuous control over executive bodies of the Company, guarantee providing complete, accurate and objective public information on the Company.

2..2. To achieve the objectives of its activity, the Board of Directors shall be guided by the following principles:

- decision-making based on the true information on the Company activity;
- elimination of any restrictions of the shareholders’ rights for participation in management of the Company’s business affairs, receipt of dividends and information on the Company;
- achievement of the balance between the interests of different groups of shareholders and making the optimum objective decisions to the benefit of all the Company’s shareholders.

2..3. Any unavoidable ambiguity in rules specified in the statutory acts and other normative documents shall be interpreted by the Board of Directors in favor of expansion of rights and legal interests of the shareholders.

3. COMPETENCE OF THE BOARD OF DIRECTORS

3.1. The following issues fall within the competence of the Board of Directors:

- 1) Determination of the Company’s priority activities and development strategy;
- 2) Approval of the financial and economic annual plan (budget), including approval of plans for production and economic, financial, commercial and other types of the Company’s activity, determination of volumes of products and services to be delivered, procedures and conditions of product and services sales, pricing policy for products and services, as well as introduction of changes and amendments to these documents;
- 3) Approval of investment and social projects of the Company;
- 4) Control over financial and economic activity of the Company, including decision making on carrying out an audit of financial and economic activity of the Company at the end of the fiscal year or at any time;
- 5) Preliminary approval of the annual reports;

6) Increase of the Company's authorized capital by allocation of additional shares within the number and categories (types) of the declared shares at the expense of the Company's assets, when additional shares are placed by allocation among the shareholders;

7) Increase of the Company's authorized capital by allocation of additional shares within the number and categories (types) of the declared shares by public subscription for ordinary shares in the amount of 25 per cent and less of the previously placed ordinary shares;

8) Increase of the Company's authorized capital by allocation of additional shares within the number and categories (types) of the declared shares by public subscription for preference shares;

9) Floatation by the Company of bonds and other issued securities, in the cases stipulated by the Federal Law on Joint Stock Companies and the Company By-Laws;

10) Approval of decisions regarding issue of securities, the securities issue prospectus, report on the results of the securities issue, introduction of amendments and additions to these documents;

11) Determination of value (pecuniary valuation) of the Company's assets, placement fee and repurchase price of the issued securities in the cases stipulated by the Federal Law on Joint Stock Companies;

12) Acquisition of shares, bonds and other securities placed by the Company in the cases stipulated by the Federal Law on Joint Stock Companies;

13) Approval of the report on the results of shares acquisition;

14) Recommendations to the General Meeting of Shareholders on the amount of remunerations and compensations to be paid to the members of the Company's Auditing Committee;

15) Determination of the amount of payment to the Company's auditor;

16) Recommendations to the General Meeting of Shareholders on the amount of dividends on shares of all categories and on dividend payment procedure;

17) Recommendations to the General Meeting of Shareholders on the procedure of the Company's profits and losses distribution based on the results of fiscal year;

18) Use of the reserve and other funds of the Company;

19) Election of the Sole Executive Officer of the Company and early termination of his authorities;

20) Approval of the agreement with the person authorized to fulfill the functions of the Sole Executive Officer of the Company and appointment of a person authorized to sign the agreement with the Sole Executive Officer on behalf of the Company;

21) Control over activity of the executive bodies of the Company;

22) Approval, introduction of changes and amendments to the Company's internal documents, except for the internal documents regulating activity of the Company's bodies to be approved by the General Meeting of Shareholders and other internal documents to be approved by the Company's Sole Executive Officer in accordance with the Company By-Laws;

23) Development and implementation of the personnel policy, approval of the Company's organizational structure, establishment of qualification criteria for the Company's managing personnel, including employment and dismissal conditions for middle and top management, starting with department managers;

24) Establishment and liquidation of subsidiaries and representative offices of the Company, approval of provisions for subsidiaries and representative offices, introduction of changes and amendments to such provisions; appointment and termination of authority of the heads of subsidiaries and representative offices;

25) Approval of transactions with the shares (stakes) of other companies, if such transactions are connected with acquisition or disposal of the placed shares (stakes), pawning or contributing such shares (stakes) to the authorized capital of the newly incorporated company;

26) Approval of transactions resulting in disposal of the shares (stakes) of subsidiaries and affiliated companies independently of their value, other securities and property complexes of the organizations incorporated by the Company, independently of the value of such property complexes;

27) Decision making on participation or termination of participation of the Company in different organizations, except for decisions on participation in financial industrial groups, associations and other profit-making organizations;

28) Introduction of amendments to the Company By-Laws connected with establishment and liquidation of the Company's subsidiaries and representative offices;

29) Approval of the large transactions in the cases stipulated by Section X of the Federal Law on Joint Stock Companies;

30) Approval of the transactions in the cases stipulated by Section XI of the Federal Law on Joint Stock Companies;

31) Approval of the Company's Registrar and terms of contract and termination of contract concluded with the Registrar;

32) Drawing up of the additional documents list required to be kept at the Company;

33) Approval of the list of information constituting official or business secret;

34) Appointment of the Company's representatives to the management bodies of subsidiaries and affiliated companies;

35) Defining of the Company's (Company's representatives') position with regard to the following agenda items of the general meeting of shareholders (partners) of subsidiaries, affiliated or other companies, which shares (stakes) are owned by the Company:

- Determination of the number of members of the Board of Directors and early termination of their authorities;
- Candidates for managers of the control bodies;
- Increase or reduction of the authorized capital;
- Introduction of amendments to the by-laws or approval of the new revision of by-laws;
- Determination of the limit quantity of declared shares, splitting and consolidation of such shares;
- Making of large transactions;
- Approval of agenda of the general meeting of shareholders (partners);
- Decision making on participation of subsidiaries and affiliated companies in different organizations (joining other organizations or creating a new organization);
- Passing of resolutions on the issues falling within the competence of the of the general meeting of shareholders (partners), when 100% of the voting shares (stakes) are owned by the Company;

36) Decision making, according to the procedure stipulated by the Federal Law on Joint Stock Companies for large transactions, regarding approval of transaction or several interrelated transactions, including those effected in the normal course of business, related to acquisition, disposal or possibility for the Company to dispose of, directly or indirectly, the property which value exceeds 1500000 rubles, but does not exceed 50% of the balance sheet value of the Company's assets, and also approval of any real-estate transaction, agreements on assignment of right of demand and assignment of debt, equipment purchase contracts, inventory items and services supply contracts and external loan agreements which value exceeds 2500000 rubles in the following cases:

- When there is no approved financial and economic annual plan (budget) of the Company and/or no approved investment and social projects of the Company;
- When it is necessary to exceed the limits stipulated by the budget items, articles and parameters;

37) Any other issue provided for by the Federal Law on Joint Stock Companies and the Company By-Laws..

4. ELECTION OF THE BOARD OF DIRECTORS

4.1. Members of the Board of Directors shall be elected by the General Meeting of Shareholders for the period till the next Annual General Meeting of Shareholders. The Board of Directors shall consist of 7 members.

A member of the Board of Directors is not required to be the Company's shareholder. Only a natural person can be the member of the Board of Directors.

4.2. Shareholders (a shareholder) owning in the aggregate not less than 2 percent of the Company's voting shares are entitled to nominate candidates for the Board of Directors of the Company, the number of which may not exceed the membership of such body.

The Company should receive such proposals not later than 30 days after the end of the fiscal year.

In case of absence of proposals on the candidates for the Board of Directors or insufficient number of candidates proposed by the shareholders to form the Board of Directors, the Board of Directors is authorized to enroll candidates into the candidacy list at its own discretion.

4.3. The proposal to nominate candidates shall contain the name of the body for which the candidate is nominated, including the following information on each candidate:

- name, second name and family name;
- date of birth;
- information from the personal identity document (series, number, date and place of issue, issuing authority);
- educational level;
- places of employment and positions occupied during the latest five years;
- positions occupied in executive bodies of other legal entities during the latest five years;
- contact address of the candidate.

The proposal may be accompanied with the written consent of the candidate to stand for election for the Board of Directors of the Company..

Each proposal to nominate candidates for election to the Company's Board of Directors shall be reviewed by the Board of Directors individually. Votes of shareholders who have signed different proposals to nominate candidates for election to the Company's Board of Directors shall not be summed up.

Shareholders shall be deemed to submit the joint proposal to nominate candidates for election to the Company's Board of Directors, if they have signed one such proposal.

4.4. The Board of Directors shall consider the received proposals within 5 days after expiration of the time-frame for submittal of proposals and include the nominated candidates into the candidacy list for election for the Board of Directors, except for the following cases:

- shareholders (a shareholder) fail to observe the time-frame for submittal of proposals on nomination of candidates for the Board of Directors;
- shareholders (a shareholder) do not own the required number of the Company's voting shares;
- proposals do not meet the requirements stipulated in Item 4.3. of these Regulations.

4.5.. A motivated decision of the Board of Directors on refusal to include the candidate into the candidacy list for election for the Board of Directors shall be sent to the shareholders (shareholder) who has submitted the proposal not later than 3 days of the date of decision making..

4.6. Members of the Board of Directors of the Company shall be elected by cumulative voting.

In case of cumulative voting, the number of votes possessed by each shareholder shall be multiplied by the number of persons to be elected to the Board of Directors. A shareholder shall be entitled to give all his votes to one nominee or split his votes among two or more nominees. Elected to the Board of Directors shall be considered those candidates who received the greater number of votes.

4.7. If the Annual General Meeting of Shareholders was not held within the time period stipulated by the Federal Law on Joint Stock Companies, the term of powers of the Board of Directors shall be terminated, except for the powers to prepare, call and hold the Annual General Meeting of Shareholders.

4.8. In case the number of members of the Board of Directors has become less than 50% of the membership of the Board of Directors as required by the Company Bylaws, the Board of Directors of the Company shall call the Special General Meeting of Shareholders for election of the new members of the Board of Directors. The acting members of the Board of Directors shall only have a right make a decision on calling such Special General Meeting of Shareholders..

4.9. The General Meeting of Shareholders shall have a right at any time to make decision on early termination of powers of the Board of Directors.

5. RIGHTS AND DUTIES OF A MEMBER OF THE BOARD OF DIRECTORS

5.1. A member of the Board of Directors is authorized to:

- request from the officials and employees of the Company any information (documents and materials) according to the procedure specified in these Regulations;
- receive remuneration and (or) compensation for expenses incurred by him/her when fulfilling his/her duties in cases and in the amount determined by the decision of the General Meeting of Shareholders;
- get familiarized with the minutes of the Board of Directors meetings and receive copies thereof;
- require introduction into the minutes of the Board of Directors meeting his/her individual opinion on agenda items and resolutions passed.

5.2. A member of the Board of Directors shall:

- be loyal to the Company;
- act within his authority in compliance with the objectives of the Board of Directors;
- act reasonably, in good faith, with due diligence in respect of the Company's activity;
- act to the benefit of the Company as a whole, and not in the interests of the separate shareholders, officials and other persons;
- not disclose the confidential information regarding the Company's activity;
- not use in his own interests the information regarding the Company which is not publicly available, not pass to other persons and make available to the third parties the insider information or other information which is based on the insider information, except for the cases stipulated by the RF legislation, internal Company documents and Company agreements;
- initiate the meetings of the Board of Directors for settling urgent issues;
- participate in the meetings of the Board of Directors;
- participate in decision-making by the Board of Directors by voting on the meeting agenda items;
- make reasonable decisions, examine all the required information(materials), perform investigations and bring to the notice of all the members of the Board of Directors all the information related to the decisions made;
- evaluate the risks and the unfavorable consequences when making decisions;
- timely inform the Company of his/her affiliation status and the respective changes;
- bring to the notice of the Board of Directors the information on the expected related-party transactions;
- participate in review of the projects and programs, proposed by the Board of Directors;

- develop suggestions on improvement of the financial and economical activity of the Company based on the Board of Directors' order;
- inform other members of the Board of Directors on the observed violations of the statutory acts, Bylaws, provisions, regulations and instructions of the Company by the Company employees, including officials;
- prepare and submit for review to the Board of Directors the issues within its his competence;
- give his opinion on the annual reports, annual accounting statements, including income statement (profit and loss report) of the Company, procedure for distribution of profit, including payment (declaration) of dividends, and losses of the Company as at the end of the fiscal year;
- submit to the Company the information on the Company's securities owned by him/her and purchasing/selling of the Company's securities. Such information shall be brought to the notice of shareholders in the Company's annual and quarterly reports;
- participate in the General Meeting of Shareholders and answer questions of the participants of the General Meeting of Shareholders.

5.3.. Activity of a member of the Board of Directors shall be continuous and shall not be limited to participation in decision making by the Board of Directors.

5.4.. A member of the Board of Directors in order to exercise his rights and fulfill obligations is authorized to give instructions and orders mandatory for execution by all the officials of the Company, if they do not contradict to the statutory acts, Bylaws and internal documents of the Company and do not violate the competence of the other officials and bodies of the Company.

5.5.. Upon the request from a member of the Board of Directors, the person in charge of filing the resolutions and minutes of the Board of Directors meetings shall immediately submit to him the certified copies of such documents.

6. OBLIGATIONS OF THE SOLE EXECUTIVE OFFICER (DIRECTOR GENERAL) TO FULFILL REQUIREMENTS OF THE BOARD OF DIRECTORS

6.1.1. Upon request from a member of the Board of Directors, the Sole Executive Officer of the Company (hereinafter "Director General") shall submit to him any information on the Company activity.

6.1.2. If it is not possible to submit the information requested by a member of the Board of Directors, the Director General shall immediately give reasonable refusal and send it in writing to the member of the Board of Directors within 1 day.

6.1.3. The refusal of the Director General to submit the requested information shall be brought by a member of the Board of Directors to the notice of the Board of Directors.

6.1.4. Upon request from a member of the Board of Directors, the Director General shall provide to the member of the Board of Directors access to the information and possibility to copy materials and documents.

7. CHAIRMAN OF THE BOARD OF DIRECTORS

7.1. The Chairman of the Board of Directors and his deputies shall be elected by the members of the Board of Directors from among them by majority of votes of the total number of members of the Board of Directors.

7.2. The Director General may not be at the same time the Chairman of the Board of Directors.

7.3. The Board of Directors is authorized at any time to re-elect the Chairman of the Board of Directors and his deputies by majority of votes of the total number of members of the Board of Directors.

7.4. The Chairman of the Board of Directors shall organize the work of the Board of Directors, call meetings of the Board of Directors and preside at such meetings, arrange taking the minutes of meetings of the Board of Directors.

7.5. The Chairman or in case of his absence the Deputy Chairman of the Board of Directors shall preside at the General Meetings of Shareholders.

7.6. The Deputy Chairman shall fulfill functions and exercise any authorities of the Chairman of the Board of Directors, when the latter is unavailable.

8. SECRETARY OF THE BOARD OF DIRECTORS

8.1. The Secretary of the Board of Directors may be a natural person who is not the member of the Board of Directors or a member of the Board of Directors elected from the members of the Board of Directors.

8.2. The Secretary of the Board of Directors shall fulfill its functions till the new Secretary is appointed.

8.3. The Director General may not be at the same time the Secretary of the Board of Directors.

8.4. The Board of Directors is authorized at any time to re-elect the Secretary of the Board of Directors.

8.5. The Secretary of the Board of Directors shall:

- keep minutes of the Board of Directors meetings;
- summarize voting results on the decisions made via questionnaires (absentee voting);
- keep records and file the incoming documents and copies of the outgoing documents of the Board of Directors;
- timely inform the members of the Board of Directors on holding meetings of the Board of Directors;
- distribute to the members of the Board of Directors materials regarding agenda items of the Board of Directors meetings and voting slips for decision-making via questionnaires (absentee voting);
- keep on file the minutes of the Board of Directors meetings;
- keep on file resolutions passed by the Board of Directors via questionnaires (absentee voting);
- keep on file the voting slips submitted to the Board of Directors by the members of the Board of Directors for decision-making via questionnaires (absentee voting).

8.6. The Secretary of the Board of Directors may receive remuneration and compensation for expenses incurred by him when fulfilling the duties of the Secretary of the Board of Directors at the time of such fulfillment.

8.7. The amount of remunerations and compensations to the Secretary of the Board of Directors shall be determined by the Board of Directors..

9. REMUNERATIONS AND COMPENSATIONS TO THE MEMBERS OF THE BOARD OF DIRECTORS

9.1. In accordance with the decision of the General Meeting of Shareholders the members of the Board of Directors may receive remuneration and (or) compensation for expenses incurred by them when fulfilling their duties as members of the Board of Directors at the time of such fulfillment. The amount of such remunerations and compensations shall be determined by the General Meeting of Shareholders.

The General Meeting of Shareholders may consider payment of remuneration and (or) compensation to the members of the Board of Directors as a separate agenda item or as part of the item regarding profit distribution as at the end of the fiscal year.

Remunerations shall be paid based on the decision of the General Meeting of Shareholders according to the results of the Company performance for the year.

9.2. In case the Company has not gained any net profit (profit to be distributed), no remunerations shall be paid to the members of the Board of Directors.

9.3. The members of the Board of Directors may not receive any remunerations and (or) compensations for expenses incurred by them when fulfilling their duties in any way or form, for decision-making by the Board of Directors or other executive bodies of the Company, or for exercising their rights and execution of their obligations as members of the Board of Directors, except for remunerations and (or) compensations received based on the decision of the General Meeting of Shareholders..

10. MEETING OF THE BOARD OF DIRECTORS

10.1.1. The meeting of the Board of Directors shall be called by the Chairman of the Board of Directors on his own initiative or on the request from a member of the Board of Directors, the Director General, the Auditing Committee or the Company's Auditor, or a shareholder owning at least 10 percent of the Company's voting shares.

The request to call the meeting of the Board of Directors shall be submitted to the Chairman of the Board of Directors in writing. The request shall be signed by the person who initiated calling the meeting.

10.2. The request to call the meeting of the Board of Directors shall include:

- wording of the suggested agenda items;
- draft resolutions on each suggested agenda item;
- information (materials) to be submitted to the members of the Board of Directors for the meeting;
- address to which the response for the submitted request shall be sent..

Date, time and place of the meeting shall be determined by the Chairman of the Board of Directors.

10.3. The Chairman of the Board of Directors shall review the submitted requests and call a meeting, except for the following cases:

- the initiator of the meeting is not authorized to call the Board of Directors meeting;
- the suggested agenda item does not fall within the competence of the Board of Directors;
- the request to call the meeting of the Board of Directors does not comply with the requirements of para. 10.2. of these Regulations.

10.4. The Chairman of the Board of Directors shall review the submitted requests and make a decision on calling or refusal to call the Board of Directors meeting within 3 days of the date of the request submission.

The Chairman of the Board of Directors shall notify the initiators of the meeting on the decision made within 3 days of the date of decision making.

The meeting of the Board of Directors called upon the request from the persons stated in para. 10.1.. of these Regulations shall be held within 10 days of the date of the request submission.

10.5. Decision on the place and time of the Board of Directors meeting and on holding the meeting in the form of absentee voting shall be made by the Chairman of the Board of Directors.

Members of the Board of Directors shall be present at the Board of Directors meetings; in case they are not able to participate in the meeting, they shall preliminary notify the Chairman of the Board of Directors.

10.6. It is not allowed to hold a meeting of the Board of Directors at the place and in time preventing the majority of members of the Board of Directors from attending the meeting or making their

presence impossible.

10.7.. All the members of the Board of Directors shall be notified on calling the Board of Directors meeting at least 7 days before the date of the meeting. Notification on holding a meeting shall be sent to the members of the Board of Directors in writing or in any other suitable way (including the post, telegraph, teletype, telephone or other means).

10.8.. Notification on holding a meeting shall contain:

- initiator of the meeting (name of the initiator or designation of the body or legal entity which submitted a request);
- agenda items;
- reasons for including such items into agenda;
- place and time of the meeting.

If the meeting is held in the form of absentee voting, the notification on holding such meeting shall contain the information on the date and form of submitting the voting slips to the Secretary of the Board of Directors.

10.9.. In case of circumstances preventing from holding the Board of Directors meeting at the appointed place or time, the Chairman of the Board of Directors shall be authorized to make a decision on changing the place and time of the meeting at least 2 days before the meeting. Such decision shall be brought to the notice of the members of the Board of Directors and the persons invited to participate in the meeting in any form ensuring receipt of such notification.

After distribution of notifications on the forthcoming meeting of the Board of Directors, changes to the approved meeting agenda may be introduced only based on the decision of the Chairman of the Board of Directors provided some items were excluded from consideration..

10.10. Documents and materials for the Board of Directors meeting shall submitted by the person in charge of agenda item preparation. Such materials shall include:

- draft resolution on the agenda item with explanatory note;
- draft internal regulatory act or document to be approved by the Board of Directors.

Draft resolution on the agenda item with explanatory note and draft internal regulatory act or document shall be submitted not later than 10 days before the date of the meeting to the Secretary of the Board of Directors for subsequent distribution among all the members of the Board of Directors.. The Secretary of the Board of Directors shall hand the above-mentioned materials to the members of the Board of Directors personally with a signature on receipt or send them via fax or e-mail not later than 3 days before the date of the meeting. Such materials shall be handled as limited-access information and shall not be disclosed to the third parties.

In exceptional circumstances the period for submission of the materials can be reduced based on the decision of the Chairman of the Board of Directors.

Information regarding agenda items shall not be submitted in advance.

10.11. The members of the Board of Directors shall be entitled to provide their suggestions and comments on the draft resolution of the Board of Directors in advance to the Secretary of the Board of Directors for subsequent attaching such suggestions and comments to other materials distributed at the Board of Directors meeting.

In case the procedure for the agenda item preparation described in this paragraph is violated, the item can be excluded from consideration based on the decision of the Chairman of the Board of Directors..

10.12. The Chairman of the Board of Directors shall call the Board of Directors meeting to settle the following issues:

- calling the Annual General Meeting of Shareholders and decision-making with regard to its calling and holding;
- preliminary approval of the Company's annual report;
- considering suggestions of the shareholders on incorporation of items into agenda of the

Annual General Meeting of Shareholders and nomination of candidates for the Company's bodies, as well as decision-making on incorporation of items into agenda of the Annual General Meeting of Shareholders and including the candidates for the Company's bodies into the candidacy list for voting, or on refusal to do so;

- calling the Special General Meeting of Shareholders for election of the new membership of the Board of Directors in case the number of the acting members of the Board of Directors is less than half of the number of the elected members of the Board of Directors.

10.13. The decision of the Board of Directors can be made in the following ways:

- at the Board of Directors meeting (held in the form of joint presence of the members of the Board of Directors) taking into account (when establishing quorum and counting the votes) the written opinions of the absent members of the Board of Directors;
- by absentee voting..

The decisions shall be considered made at the Board of Directors meeting if the means of communication used at the meeting (video, telecommunication, Internet, etc.) allow to validly confirm opinion of the member of the Board of Directors..

10.14. Decisions on the following issues can be made only at the Board of Directors meeting held in the form of joint presence, at that written opinions of the absent members of the Board of Directors shall not be taken into account:

- approval of the priority lines of the Company's activity and financial-economic plan (budget) of the Company;
- calling the Annual General Meeting of Shareholders and decision-making with regard to its calling and holding;
- preliminary approval of the Company's annual report;
- calling or refusal to call the Special General Meeting of Shareholders;
- election and re-election of the Chairman of the Board of Directors;
- forming of the Sole Executive Officer of the Company – the Director General - and early termination of his powers;
- appointment of the acting Sole Executive Officer of the Company – the Director General in accordance with the "Regulations for the Director General";
- brining for consideration to the General Meeting of Shareholders of the suggestions on reorganization or liquidation of the Company;
- increase of the Company's authorized capital by allocation of additional shares within the number and categories (types) of the declared shares..

10.15. When the Board of Directors meeting is held in the form of absentee voting, notification on the meeting and materials on agenda items shall be accompanied with voting slips which shall be submitted to the members of the Board of Directors personally with a signature on receipt or sent via fax or e-mail. The filled-in voting slips received by the Board of Directors of the Company within the established time period shall be taken into account when drawing-up the report on the results of absentee voting. Such voting slips shall be attached to the report..

The filled-in voting slips shall be submitted to the Secretary of the Board of Directors as hard copy, by fax or e-mail. In the two latter cases the original voting slips shall be sent to the Board of Directors by registered mail or handed by the member of the Board of Directors personally.

The Secretary of the Board of Directors shall keep records of the received voting slips.

10.16. The decision to hold the Board of Directors meeting in the form of absentee voting shall approve the following issues:

- items put to the vote;
- wording and form of the voting slip;
- list of information (materials) to be submitted to the members of the Board of Directors;

- date of submission of the voting slips and other information (materials) to the members of the Board of Directors;
 - end-date for receipt of the filled-in voting slips;
 - address to which the filled-in voting slips shall be sent.
- 10.17. The voting slip shall contain the following information:
- full company name;
 - end-date for receipt of the filled-in voting slips;
 - address to which the filled-in voting slips shall be sent;
 - wording of each item put to the vote and resolution on each item, as well as voting options expressed by “Aye”, “Nay”, “Abstained”;
 - instruction that the voting slip shall be signed by the member of the Board of Directors.

Resolutions passed by the Board of Directors meeting held in the form of absentee voting and absentee voting results shall be brought to the notice of the members of the Board of Directors within 3 days of the date of signing the report on the results of absentee voting by sending copies of the report to the members of the Board of Directors.

10.18. The meetings of the Board of Directors shall be held in accordance with the Work Schedule, but not less than once in 2 months.

10.19. The Work Schedule of the Board of Directors shall ensure review of all the key aspects of the Company's development, approval of the financial-economic plan (budget) of the Company, analysis of the budget execution and other items to be mandatory considered by the Board of Directors. The Work Schedule shall be developed in accordance with the requirements of the current legislation, the Company Bylaws, suggestions of the members of the Board of Directors and the Director General of the Company.

The Work Schedule shall be developed for 1 year and shall cover the period between the Annual General Meetings of Shareholders.

10.20. Agenda of the regular meetings of the Board of Directors may include both the items stipulated by the Work Schedule of the Board of Directors and additional items suggested for consideration by the Chairman and the members of the Board of Directors, the Director General, the Chairman of the Auditing Committee and the Company's Auditor.

Special meetings of the Board of Directors may be held, when necessary.

10.21. The meeting of the Board of Directors shall have the authority when it is attended but not less than half of the elected members of the Board of Directors, except for the cases provided for by the Federal Law on Joint Stock Companies.

Members of the Board of Directors are obliged to attend the Board of Directors meetings; in case they are not able to participate in the meeting, they shall preliminary notify the Chairman of the Board of Directors.

10.22. During decision-making by the Board of Directors, the members of the Board of Directors present at the meeting shall express their opinion on the agenda items through voting.

10.23. During decision-making at the Board of Directors meeting, each member of the Board of Directors shall have one vote.

Transfer of the voting right by the member of the Board of Directors to any other person, including another member of the Board of Directors, is not allowed.

In case of equal number of votes of the members of the Board of Directors during voting, the Chairman of the Board of Directors shall have the casting vote.

10.24. When summing-up the voting results on the agenda items, the written opinion of the member of the Board of Directors who was not present at the Board of Directors meeting shall be taken into account..

The written opinion shall be submitted by the member of the Board of Directors to the Chairman or Secretary of the Board of Directors before holding a Board of Directors meeting.

The written opinion of the member of the Board of Directors shall contain his vote on all the

agenda items. The written opinion of the member of the Board of Directors shall be taken into account when establishing quorum of the meeting and summing-up the voting results on the agenda items.

10.25. If the copy of the written opinion of the member of the Board of Directors was not included into the information (materials) submitted to the members of the Board of Directors before a meeting, then the Chairman of the meeting shall announce the written opinion of the member of the Board of Directors who is not present at the meeting before putting to vote the agenda item which is the subject of such written opinion.

In case of presence of the member of the Board of Directors at the meeting, his written opinion submitted before the meeting shall not be announced at the meeting and shall not be taken into account when establishing quorum of the meeting and summing-up the voting results.

10.26. Except for the members of the Board of Directors, the meeting of the Board of Directors may be attended by the members of the Auditing Committee, the Company's officials, and other persons invited by the Chairman of the Board of Directors. The list of invited persons shall be included into the minutes of the Board of Directors meeting.

10.27. A member of the Board of Directors shall be entitled to request via Secretary of the Board of Directors additional documents, information or explanations on the items included into agenda of the Board of Directors meeting from the Company's officials. Such documents (information, explanations) can be submitted prior to the meeting or at the time of the meeting, including in the form of responses and clarifications by the corresponding Company's officials.

10.28. Agenda items shall be considered at the Board of Directors meeting according to the following procedure:

- report of the person in charge of agenda item preparation;
- report of the co-speaker (if any);
- members of the Board of Directors ask questions to the speakers and other Company's officials present at the meeting;
- members of the Board of Directors and other invited persons participate in the debate on the report;
- announcement of the written opinions of the members of the Board of Directors who are not present at the meeting with regard to the draft resolution;
- the Chairman of the Board of Directors summarizes the results of the debate and formulate the submitted suggestions with regard to the draft resolution;
- voting and summing-up the voting results on all the submitted suggestions. Voting can be held on both the whole resolution and on individual parts of the resolution;
- announcement of the voting results;
- members of the Board of Directors are given the opportunity to declare (attach to the meeting minutes in writing) their individual opinions.

10.29. Decision-making at the Board of Directors meeting shall be done in the form of voting by the members of the Board of Directors; each of them shall have one vote. Voting at the Board of Directors meeting held by joint presence is done by raising hands by the members of the Board of Directors. Voting at the Board of Directors meeting held by absentee voting is done by filling-in the voting slips.

Decision made at the Board of Directors meeting held by joint presence shall come into force at the time of announcing the voting results on the agenda item.

Decision made by the Board of Directors meeting held by absentee voting shall come into force at the time of drawing-up and signing the report on the voting results.

11. MINUTES OF THE BOARD OF DIRECTORS MEETING

11..1. Minutes of the Board of Directors meeting shall be kept by the Secretary of the Board of Directors, and in case of his absence – by one of the members of the Board of Directors on the instructions of the Chairman of the meeting.

11..2. Minutes of the Board of Directors meeting shall be made not later than 3 days after the meeting.

The meeting minutes shall contain:

- place and time of the meeting;
- persons participating in the meeting;
- persons who presented their written opinions on the agenda items;
- meeting agenda;
- items put to vote and voting results;
- resolutions passed.

Minutes of the Board of Directors meeting shall be signed by the Chairman of the meeting and the Secretary of the Board of Directors.

11..3. In case written opinions of the members of the Board of Directors who are not present at the meeting are taken into account when summing-up the voting results on the agenda items, the written opinions on the agenda items received from the members of the Board of Directors shall be attached to the meeting minutes.

Texts of the documents approved at the meeting shall be attached to the meeting minutes.

Each member of the Board of Directors shall be entitled to request introduction of his individual opinion into the meeting minutes or attach to the meeting minutes his written individual opinion on the separate resolutions of the meeting or on the minutes in general. The individual opinion shall form the integral part of the meeting minutes.

11..4. Original minutes (first copy) of the Board of Directors meeting shall be permanently filed in the Company's archive. The minutes shall be accompanied with the materials submitted to the members of the Board of Directors for review of the corresponding agenda items. Voting slips received by the Board of Directors shall also be attached to the meeting minutes.

The second copy of the meeting minutes and corresponding materials shall be kept by the Secretary of the Board of Directors.. The Secretary of the Board of Directors shall maintain electronic archive of the minutes.

11.5. The Secretary of the Board of Directors shall prepare and submit to the interested persons extracts from the minutes of the Board of Directors meetings.

11.6. Upon the written request from the shareholders, the Secretary of the Board of Directors shall prepare, certify and submit to the shareholders copies of the minutes of the Board of Directors meetings within the timeframes stipulated by the legislation.

Upon the request from the members of the Board of Directors or top executives of the Company, the Secretary of the Board of Directors shall prepare, certify and submit extracts from the minutes of the Board of Directors meetings.

The Secretary of the Board of Directors shall keep records of the received requests and submitted copies and extracts from the minutes of the Board of Directors meetings in the special Log.

The Company shall provide access to the minutes of the Board of Directors meetings to the shareholders, members of the Board of Directors, members of the Auditing Committee and the Company's Auditor.

12. CONFLICT OF INTERESTS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY

12.1. A member of the Board of Directors shall not hold any interest in the authorized capital of the legal entities competing with the Company..

12.2. A member of the Board of Directors may hold positions in the executive bodies of other organizations only upon consent of the Board of Directors.

12.3.. The annual accounts of the Company shall include information on the transactions made between the Company and the members of the Board of Directors, their spouses, parents, children, full- and half-blood brothers and sisters, foster parents and adopted children and (or) affiliated persons thereof; or if the above-mentioned persons participated in the transaction with the Company as a beneficiary, agent or representative; or if they own 20% or more of the voting shares of the legal entity which is the party to, a beneficiary, agent or representative in the transaction with the Company; or if they hold positions in the executive bodies of the legal entity which is the party to, a beneficiary, agent or representative in the transaction with the Company; or if they hold positions in the executive bodies of the management company of such legal entity.

Information on the above-mentioned transactions shall include details on all the participants of the transaction, time of the transaction, execution, price and approval of the transaction by the Board of Directors or General Meeting of Shareholders of the Company.

13. COMMITTEES OF THE BOARD OF DIRECTORS

13..1. To perform its functions the Board of Directors shall be authorized to establish the constantly functioning committees.

13..2. The committee shall not be authorized to act on behalf of the Board of Directors.

13..3. Members of the committee shall be elected by the Board of Directors. Chairman of the committee shall be elected by the members of the committee from among them and approved at the Board of Directors' meeting.

The Board of Directors shall approve regulations for each established committee, stipulating the targets and objectives of the committee's activity, its functions, rights and duties of the committee members, procedure for the committee set-up, requirements on decision-making and rules of the committee reporting to the Board of Directors.

13.4. The committee shall submit to the Board of Directors its annual action report. The annual report of the Board of Directors' committee shall be included into the annual accounts of the Company to be approved by the Annual General Meeting of Shareholders.

13.5. The Audit Committee of the Board of Directors shall be headed by the member of the Board of Directors, who shall not be:

- an official or employee of the Company at the time of election and during 1 year before the election;
- an official of another business entity where any of the officials of the Company is the member of the Board of Directors' Committee on Personnel and Remunerations;
- a spouse, parent, son, daughter, brother and sister of the Company's officials;
- an affiliated person of the Company, except for being the member of the Board of Directors;
- a party bound with obligations with the Company based on which he/she can acquire assets (cash funds) which value equals 10% or more of his/her annual income, except for remunerations for fulfilling the functions of a member of the Board of Directors;

- a government agent, i.e. the person representing the Russian Federation, constituents of the Russian Federation and municipal authorities in the Board of Directors of the joint-stock companies to which the special right (“golden share”) is applied, or a person elected to the Board of Directors from the number of candidates nominated by the Russian Federation, constituents of the Russian Federation and municipal authorities, if such member of the Board of Directors shall vote based on written instructions of the constituent of the Russian Federation or municipal authorities correspondingly.

The Company’s Director General can not be the member of the Audit Committee of the Board of Directors.

14. LIABILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

14.1. When exercising their rights and fulfilling their duties the members of the Board of Directors shall act in the best interests of the Company and exercise their rights and fulfill their duties related to the Company in good faith and on reasonable grounds.

14.2. The members of the Board of Directors shall bear liability to the Company for any losses incurred by the Company due to their wrongful acts (failure to act), unless other grounds and scope of liability are established by the Federal Laws.

The members of the Board of Directors shall bear liability to the Company or shareholders for any losses incurred by the Company due to their wrongful acts (failure to act) in violation of the procedure for acquiring shares of the open joint-stock company stipulated by Chapter XI.1 of the Federal Law on Joint-Stock Companies.

Those members of the Board of Directors who voted against the decision which caused losses to the Company or didn’t take part in the voting on this issue shall be exempt from liability..

14.3. When determining the grounds and scope of liability of the members of the Board of Directors, conditions of the ordinary course of business and other related circumstances shall be taken into account.

14.4.. The Company or a shareholder (shareholders) owning in the aggregate not less than 1% of the ordinary shares of the Company shall be entitled to apply to court and claim from a member of the Board of Directors indemnification for losses incurred by the Company in the cases stipulated by the Federal Law on Joint-Stock Companies.

The Company or a shareholder shall be entitled to apply to court and claim from a member of the Board of Directors indemnification for losses incurred by the Company due to his/her wrongful acts (failure to act) in violation of the procedure for acquiring shares of the open joint-stock company stipulated by Chapter XI.1 of the Federal Law on Joint-Stock Companies.

15.. PROCEDURE FOR APPROVAL AND INTRODUCTION OF CHANGES TO THE PRESENT REGULATIONS

15.1. The Regulations for the Board of Directors shall be approved by the General Meeting of Shareholders of the Company..

15.2. Decision on introduction of changes or amendments to the present Regulations or approval of the new revision thereof shall be taken by the General Meeting of Shareholders in accordance with the procedure stipulated by the Federal Law on Joint-Stock Companies and the Company’s Bylaws.

15.3. If due to any changes in the RF legislation some clauses of the present Regulations come into conflict with the RF legislative rules, such clauses shall become invalid while the Regulations shall still be valid as related to clauses not contradicting the RF legislation.

15.4. If due to any changes in the Company’s Bylaws some clauses of the present Regulations come

into conflict with the Company's Bylaws, such clauses shall become invalid and the Company's Bylaws shall be the governing document till introduction of changes to the present Regulations.