

**APPROVED BY THE ANNUAL
GENERAL MEETING OF THE
SHAREHOLDERS OF JSC “Hals-
Development”
Meeting minutes №27 dd 30th of June
2015**

**THE ARTICLES OF ASSOCIATION
Of Public Joint Stock Company
«Hals-Development»**

MOSCOW, 2015

I. GENERAL CLAUSE

1. GENERAL CLAUSE

- 1.1. The Joint-Stock Company was incorporated according to the Resolution of the sole shareholder dated December 29, 1993 and registered by Moscow registration chamber January 21, 1994 under registration No. 850.856 with the name of Joint-Stock Company of Closed Type «Sistema-Hals».
According to the Resolution of the Annual general meeting of the shareholders dated May 28, 1996 (Meeting minutes No.2) the name of the Company was amended to Closed Joint-Stock Company «Sistema-Hals». July 16, 2002 as entered into the Unified Registry of legal entities under the Main registration number 1027739002510.
According to the Resolution of the Extraordinary general meeting of the shareholders dated May 17, 2006 (Meeting minutes No. 8) the name of the company was amended to Joint-Stock Company “Sistema Hals” as a result of the change of joint-stock company type.
According to the Resolution of the Annual general meeting of the shareholders dated June 28, 2011 (Meeting minutes No. 22) the name of the Company was amended to Joint-Stock Company “Hals-Development”.
According to the Resolution of the Annual general meeting of the shareholders dated June 30, 2015 (Meeting minutes No. 27) the name of the Company is amended to Public Joint-Stock Company “Hals-Development”.
- 1.2. Public Joint-Stock Company “Hals-Development” (hereinafter – “The Company”) is incorporated and acts according to the Civil Code of Russian Federation, the Federal law “On Joint-Stock Companies” (hereinafter – “the Law”) and other acts of legislation of Russian Federation and this Articles of Association.
- 1.3. The complete official name of the Company in Russian is: **Публичное акционерное общество “Галс-Девелопмент”**
- 1.4. The short official name of the Company in Russian is: **ПАО Галс-Девелопмент.**
- 1.5. The complete official name of the Company in English is: **Public Joint Stock Company HALS-Development.**
- 1.6. The short official name of the Company in English is: **HALS-Development PJSC.**
- 1.7. The Residence address of the Company is: **Moscow, Bolshaya Tatarskaya ulitsa, house 35, building 4.**
- 1.8. The period of activity of the Company is not limited.

2. PURPOSE, SUBJECT AND TYPES OF ACITIVITY OF THE COMPANY

- 2.1 The purpose of the incorporation and activity of the Company is to receive profit by means of business activity.
- 2.2 In order to achieve this purpose the Company carries out the following types of activity:
 - Design, engineering, construction, reconstruction, restoration of the industrial, living or cultural premises, networks and communications;
 - Investment activity, investment tenders, selection and realization of investment projects, attraction of foreign investments into Russian economy;
 - Management of enterprises and investment projects on contractual basis;
 - Consulting, management, informational, analytical, auditing, legal, agency, service, marketing and other services provided to enterprises, organizations and nationals (including foreign services);
 - Handling of transactions in stock and non-stock market;
 - Participation in enterprise privatization as stated by the legislation;
 - Development and implementation of innovation programs and projects;
 - Organization and conduction of research and development and experimental design work;
 - Manufacture of industrial products and consumer goods;
 - Purchasing and sales as well as other types of commercial activity;
 - international commercial activity according to the legislation;
 - Purchasing, construction, management, utilization, renting and leasing, sales of properties and real-estate property.
- 2.3. The Company has the right to conduct any other types of activity which are not prohibited by the legislation.
- 2.4. The Company can be engaged in certain types of activity as defined by federal legislation only with the provision of a special allowance (license).
- 2.5. The Company engages independent evaluators in cases provided by the legislation and in other cases according to the internal documents of the Company.

3. LEGAL STATUS OF THE COMPANY

- 3.1. The Company is a legal entity according to the legislation of Russian Federation, owns property accounted with separate balances, has the right to purchase and execute other property and non-property rights, to have duties and to act as suitor or defendant in court.
- 3.2. The Company has a round seal, stamps and stationery containing the full official name of the Company in Russian and in English, residence address of the Company, its duly registered trademark and other sources of visual identification.
- 3.3. The Company has the right to participate in other companies, to have branch offices in the territory of Russian Federation and abroad.

- 3.4. The Company has the right to be a member of units, associations and other joint organizations in line with the legislation. The Company has the right to cooperate with international financial organizations in any form allowed by legislation.
- 3.5. The Company has the right to incorporate branch offices, open representations in the territory of Russian Federation and abroad. The branch offices of the Company are no legal entities and act in accordance with the Statutes approved by the Board of directors of the Company. Directors of branch offices and representations are appointed by President and act according to the powers stated in the issued Powers of attorney.
- 3.6. The Company acquires civil rights and takes civil responsibilities through its bodies acting in accordance with the legislation, other legal acts and this Articles of Association.
- 3.7. The Company is liable for its obligations within the scope of its assets. The Company is not liable for the obligations of its shareholders. The Shareholders are liable for the obligations of the Company in cases provided by the legislation of Russian Federation. The Company is not liable for the obligations of the state and its bodies, the state and its bodies are not liable for the obligations of the Company.
- 3.8. The Company is liable for safety of internal documents (including management, financial and business activity documents, personnel documents and other) and provides the transfer of documents for state storage in cases provided by the legislation of Russian Federation.

II. SHARE CAPITAL AND STOCKS OF THE COMPANY

4. THE SHARE CAPITAL OF THE COMPANY, GENERAL CONDITIONS

- 4.1. The share capital of the joint-stock company consists of the nominal value of company shares acquired by the shareholders and defines the minimal amount of assets of the Company as security to the interest of its creditors..
- 4.2. **The share capital of the Company is equal to 560 854 700 (five hundred and sixty million eight hundred and fifty four thousand seven hundred) rubles 00 kopeks.**
- 4.3. **The share capital of the Company consists of 11 217 094 (eleven million two hundred and seventeen thousand ninety four) registered ordinary shares of the Company with the nominal value of 50 (fifty) rubles each.**
- 4.4. **The number of outstanding ordinary shares of the Company is 500 000 000 (five hundred million) shares with the nominal value of 50 (fifty) rubles each.** The shares of the Company stated in this paragraph in case they are registered provide the same rights to their shareholders as already registered shares of the Company.
- 4.5. The Company has the right to make consolidation of outstanding ordinary shares of the Company as a result of which two or more ordinary shares of the company are converted into one new ordinary share of the Company. This Articles of Association meanwhile shall be amended with regards to the nominal value and number of outstanding and registered ordinary shares of the Company.
- 4.6. The Company has the right to partition the outstanding shares of the Company as a result of which one ordinary share of the Company is converted to two or more ordinary shares of the Company. This Articles of Association meanwhile shall be amended with regards to the nominal value and number of outstanding and registered ordinary shares of the Company.

5. SHARES OF THE COMPANY, REGISTRY OF SHAREHOLDERS

- 5.1. An ordinary share of the Company is a non-documentary registered equity security which grants its owner (shareholder) a certain volume of property rights including the right to participate in management of the Company, to receive part of its profit as dividends as well as the right to receive part of its property remaining after its liquidation.
- 5.2. The volume of rights granted by the shares of the Company is defined by the legislation and by this Articles of Association.
- 5.3. The rights provided by a share of the Company are transferred to their acquirer at the moment the rights for this share are transferred.
- 5.4. The rights of the shareholders of the Company on their shares are certified by the registry – records on accounts of registry holder – or, in case the rights are accounted in the depositary – by records of depot account in the depositary.
- 5.5. The right on a share of the Company is transferred to the acquirer from the moment the record of this transaction is entered to the registry, or in case the rights are accounted in the depositary – from the moment a person engaged in depositary activity records it to the depot account of the acquirer..
- 5.6. Information on each registered shareholders, number and categories (types) of shares recorded in the name of this person as well as other information according to the legislation is recorded in the Registry of the shareholders of the Company.
- 5.7. The Company must provide holding and keeping of the Registry of shareholders according to the legislation.

6. THE INCREASE OF THE SHARE CAPITAL OF THE COMPANY

- 6.1. The share capital of the Company may be increased by means of increasing the nominal value of shares of the Company or by placement of additional shares as per the resolution of the General meeting of the shareholders of the Company.
- 6.2. The increase of the share capital of the Company by increasing the nominal value of the shares is made only on account of the property of the Company. The increase of the share capital of the Company by placement of additional shares may be made on account of the assets of the Company.

- 6.3. In case the share capital is increased by placement of additional shares, such additional shares may be placed by the Company only in the limit of the number of declared shares as stated by this Articles of Association. In this case if the number of declared shares of the Company is not enough to place proposed additional shares, the resolution on increase of the share capital of the Company may be made at the same time the Articles of Association is amended respective the number of declared shares of the Company required to make such a resolution in the order and on conditions set by the legislation and this Articles of Association.
- 6.4. Additional shares of the Company may be placed by means of signature or conversion as well as by means of distribution among all the shareholders of the Company – in case the share capital of the Company is increased on account of its property..
- 6.5. The Company has the right to place additional shares by means of open or closed signature.
- 6.6. The price of placement of additional shares to the shareholders of the Company in case they utilize their priority right of purchase may be lower than the price of placement to other parties but not more than by 10% (ten percent). The price of placement of such additional shares may not be lower than their nominal value.
- 6.7. The payment of additional shares placed by signature may be made in the form of money, securities and other assets or property rights with monetary value. The payment of additional shares by means of offset of monetary claims to the Company is allowed in case they are place by closed signature. The form of payment of additional shares is set by the resolution of their placement.
- 6.8. Additional shares of the Company placed by signature are placed only on conditions of their full payment.
- 6.9. In case of increase of the share capital of the Company on account of its property by placement of additional shares these shares are distributed among all shareholders. Each shareholder is distributed with the shares of the same category (type) as the shares he owns proportionally to the number of shares he owns.
- 6.10. The amount by which the share capital of the Company is increase on behalf of the property of the Company may not exceed the difference between the value of net assets of the Company and the value of the share capital and reserve fund of the Company.

7. DECREASE OF THE SHARE CAPITAL OF THE COMPANY

- 7.1. The Company has the right and in cases stated by the law and by this Articles of Association has the obligation to decrease its share capital accordingly.
- 7.2. The share capital of the Company may be decreased by decreasing the nominal value of shares of the Company or reducing their total quantity by means of redemption of shares.
- 7.3. The Company has the right to purchase part of the outstanding shares of the Company also in order to decrease the share capital of the Company in order and on conditions set by the legislation.
- 7.4. If the cost of net assets of the Company is less than the value of its share capital, the Company must decrease its share capital to the amount not exceeding the cost of its net assets as stated by the legislation.
- 7.5. The Company has no right to decrease its share capital if its value upon this decrease is less than the minimal value of the share capital stated by the legislation on the date of state registration of such amendment in the Articles of Association of the Company, in cases when the Company is obliged to decrease its share capital – on the date of state registration of the Company.

8. OTHER EQUITY SECURITIES OF THE COMPANY

- 8.1. Beside additional shares of the Company the Company has the right to place securities and other bonds as per the legislation orders..
- 8.2. The Company has no right to place securities and other bonds convertible to the shares of the Company, if the number of declared shares of the Company of certain types is less than the number of outstanding shares of this type. The resolution of placement of equity securities convertible into the shares of the Company may be made at the same time as the resolution to amend the Articles of Association in relation with the number of declared Company shares needed to pass this resolution.
- 8.3. The price of the placement of equity securities of the Company convertible into shares to persons utilizing the priority right of purchase of such securities may be lower than the price of their placement to other parties but not more than by 10% (tem percent). Thus the price of placement of such equity securities of the Company convertible into shares cannot be below the nominal value of shares to which such securities are converted.
- 8.4. The payment of securities and other bonds (except additional shares) can be made only with money.
- 8.5. Equity securities of the Company placed by signature are placed only on condition of full payment.
- 8.6. The redemption of securities of the Company can be made by money or other property including outstanding shares of the Company in accordance with the Resolution of their issue.
- 8.7. The details of the procedure of the issue of the securities are set by the legislation depending on the type of securities and the means of their placement.

III. SHAREHOLDERS OF THE COMPANY, RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

9. GENERAL CLAUSE

- 9.1. Any entity entering the ownership of shares of the Company in the order set by the legislation and this Articles of Association is considered Shareholder of the Company. The number of shareholders is not limited.
- 9.2. If legislation does not provide otherwise, in case two or more entities claim their common ownership on one or more shares of the Company, all such entities are considered as one shareholder in relation to the Company with one voting right at the General meeting of the shareholders as they decide by one or them of by their common representative. The powers of each of each of the indicated entities must be duly registered. The co-owners of shares are liable for their obligations posed on the shareholders together.
- 9.3. A person becoming the owner of part of share of the Company is considered shareholder of the Company. A part of share empowers a shareholder its owner with the rights provided by a whole share of the Company in the volume corresponding to the part of share it represents.
- 9.4. The legal status of a shareholder of the Company is defined by the volume of rights and obligations which belong to him. The rights of a shareholder (shareholders) of the Company in relation to the Company and the rest of the shareholders are based on the category and type of shares as well as the number of shares belonging to them .

10. THE RIGHTS OF THE SHAREHOLDERS

- 10.1. The shareholders (shareholder) owning all together 1 (one) ordinary share of the Company have 1 (one) vote for voting at the General meeting of the shareholders. A partial ordinary share of the Company provides its shareholder with the respective part of the vote.
- 10.2. Each ordinary registered of the Company provides the same level of rights to its owner, including:
 - 10.2.1. The right to participate in management of the Company including participation in the General meeting of the shareholders with the voting right on all issues within its competence with the number of votes corresponding to the number of shares he owns;
 - 10.2.2. The right to receive dividends from the net profit of the Company;
 - 10.2.3. The right to receive part of property of the Company in case of its liquidation;
 - 10.2.4. Other rights provided by the legislation.

11. RESPONSIBILITIES OF THE SHAREHOLDERS

- 11.1. While executing the rights provided by the legislation and by this Articles of Association the shareholders of the Company consider the need to respect the rights and lawful interest of other shareholders, are guided by the principles of trust and business ethics.
- 11.2. The responsibilities of the shareholders are defined by the legislation and by this Articles of Association. The Shareholders of the Company, for example, are obliged:
 - 11.2.1. To follow the regulations of this Articles of Association, to respect the resolutions of the General meeting of the shareholders and other internal documents;
 - 11.2.2. To make payments for the placed shares and other securities of the Company in due time and in accordance with the order and conditions set by the legislation;
 - 11.2.3. Not to disclose confidential information on the activity of the Company;
 - 11.2.4. Not to make any actions aimed at infliction of harm to the Company;
 - 11.2.5. Not to make any actions (inaction) which can obstruct or make impossible the achievement of the aims of the Company;
 - 11.2.6. To inform the Board of directors of the Company, the Audit Committee of the Company, the Auditor of the Company on his known executed or planned for execution transactions in which they can be acknowledged as interested parties, to provide the information on legal entities where they hold on their own or together with affiliated parties 20 (twenty percent) and more of the voting shares as well as on legal entities and management bodies where they occupy the positions;
 - 11.2.7. To perform other obligations provided by the legislation of Russian Federation, by this Articles of Association and internal documents of the Company.
- 11.3. The shareholders of the Company assist the Company in achievement of the aims which stand in front of them.

IV. MANAGEMENT OF THE COMPANY

12. MANAGEMENT SYSTEM OF THE COMPANY

- 12.1. Management of the Company is effected through the bodies of management of the Company.
- 12.2. Bodies of management of the Company are the General meeting of the shareholders, Board of directors, Management Board (a collegial elective body) and President (the sole executive body of the Company).

V. GENERAL MEETING OF THE SHAREHOLDERS

13. GENERAL CLAUSE. COMPETENCE OF THE GENERAL MEETING OF THE SHAREHOLDERS

- 13.1. The General meeting of the shareholders is the higher management body of the Company.
- 13.2. The Company must hold annual (ordinary) General meeting of the shareholders every year.

- 13.3. The annual General meeting of the shareholders should consider the issues on the election of the Board of Directors of the Company, the Auditor Committee of the Company, on the approval of the Auditor of the Company and other issues provided by p. 13.5.12 of article 13.5 of this Articles of Association and other issues within the competence of the General meeting of the shareholders..
- 13.4. The General meetings of the shareholders held beside the annual General meeting of the shareholders are considered extraordinary.
- 13.5. The following issues are referred to the competence of the General meeting of the shareholders:
- 13.5.1. Amendment and addendum to this Articles of Association (except for the cases when the adoption of the respective resolution is referred to the competence of the Board of Directors), as well as the approval of the Articles of Association of the Company in the new edition;**
- *(the resolution is passed by the qualified majority of $\frac{3}{4}$ (three fourth) of votes of the shareholders – owners of the voting shares of the Company, participating in the General meeting of the shareholders)*
- 13.5.2. Reorganization of the Company;**
- (resolutions on reorganization of the Company are passed only on the proposal of the Board of directors of the Company by the qualified majority of $\frac{3}{4}$ (three fourth) of votes of the shareholders – owners of the voting shares of the Company, participating in the General meeting of the shareholders)*
- 13.5.3. Liquidation of the Company, appointment of the liquidation committee and the approval of intermediary and final liquidation balances;**
- *(the resolution is passed by the qualified majority of $\frac{3}{4}$ (three fourth) of votes of the shareholders – owners of the voting shares of the Company, participating in the General meeting of the shareholders)*
- 13.5.4. Definition of the number of members of the Board of directors, election of its members and adoption of the resolution on early termination of the powers of all members of the Board of directors of the Company as well as the resolution on remuneration or compensation payment to members of the Board of directors during the period of their service;**
- *(the resolution on election of the members of the Board of directors is passed by cumulative voting. With cumulative voting a number of votes owned by each shareholder is multiplied by the number of persons to be elected to the Board of directors, and the shareholder has the right to hand over the votes he has received completely for one candidate or to distribute them among two or more candidates. The elected members of the Board of Directors are the candidates who get the majority of votes;*
 - *The resolutions on other issues are passed by the simple majority (more than $\frac{1}{2}$ (half)) of votes of the shareholders- owners of the voting shares of the Company participating in the meeting of the Shareholders)*
- 13.5.5. Definition of the number, nominal value and other category (type) of the declared shares of the Company and the rights they provide;**
- *(the resolution is passed by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.6. The increase of the share capital of the Company by means of:**
- 13.5.6.1. The increase of the nominal value of the shares of the Company;**
- *(The resolution is passed only on the proposal of the Board of directors of the Company by the simple majority (more than $\frac{1}{2}$ (half)) of votes of the shareholders- owners of the voting shares of the Company participating in the meeting of the Shareholders)*
- 13.5.6.2. The placement of additional shares of the Company only among the shareholders of the Company in case the share capital is increased on account of its property;**
- *(The resolution is passed only on the proposal of the Board of directors of the Company by the simple majority (more than $\frac{1}{2}$ (half)) of votes of the shareholders- owners of the voting shares of the Company participating in the meeting of the Shareholders)*
- 13.5.6.3. The placement of additional shares of the Company by closed signature ;**
- *(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.6.4. The placement by open signature of ordinary shares of the Company making over 25 % (twenty five percent) of the earlier placed ordinary shares of the Company;**
- *(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.7. The decrease of the share capital by means of the decrease of the nominal value of shares or by means of purchasing of part of shares in order to decrease their total number as well as by means of redemption of the purchased or bought out shares by the Company;**
- *(the resolution on decrease of the share capital by means of the decrease of the nominal value of shares is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders;*

- *the resolution of the decrease of the share capital by means of purchasing of part of shares in order to decrease their total number is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company голосов акционеров – владельцев голосующих акций Общества participating on the General meeting of the shareholders)*
- 13.5.8. The placement of securities convertible into the ordinary shares of the Company by means of:**
- 13.5.8.1. Closed signature;**
(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making 3/4 (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)
- 13.5.8.2. Open signature in case securities convertible into ordinary shares of the Company making 25% (twenty five percent) of the earlier placed ordinary shares of the Company;**
 - *(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making 3/4 (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.9. The election of the members of the Auditing committee and resolution on early termination of their powers as well as the resolution on payment of remuneration and (or) as compensation of the expenses to the members of the Auditing committee for the period of their service;**
 - *(the resolution on election of the members of the Auditing committee is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company not being members of the Board of directors or by person engaged in management bodies of the Company participating in the General meeting of the shareholders;*
 - *Resolutions on all other issues are passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.10. Approval of the Auditor of the Company;**
 - *(the resolution is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.11. The payment (declaration) of the dividends on the results of the first quarter, half year, none months of the financial year;**
 - *(the resolution is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.12. The approval of the annual report, annual accounting report as well as the Profit and loss statement (profit and loss accounting) of the Company as well as the distribution of profit (including payment (declaration) of dividends) except for the profit distributed as dividends based on the results of the first quarter, half year, none months of the financial year) and losses of the Company as per the results of the financial year ;**
 - *(the resolution is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.13. The definition of the order of General meeting of the shareholders;**
 - *(the resolution is passed by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.14. Consolidation and partition of shares;**
 - *(the resolution is passed only on the proposal of the Board of directors by the simple majority of votes (over 1/2 (half)) of votes of the shareholders - owners of the voting shares of the Company participating in the General meeting of the shareholders)*
- 13.5.15. The approval as per legislation and this Articles of Association of transactions with interest:**
 - *(the resolution on approval of transactions with interest is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*
- 13.5.16. The approval as set by legislation and this Articles of Association of major transactions in the following cases:**
- 13.5.16.1 In case subject of the transaction is property which value exceeds 50% (fifty percent) of the balance cost of the assets of the Company defined by the accounting report of the last reporting period;**
(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making 3/4 (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)
- 13.5.16.2 In case the unanimous agreement of the members of the Board of Directors of the Company on the issue of approval of a major transaction as set by p. 18.2.16 of article 18.2 of this Articles of Association is not reached, and the issue is put to vote by the Board of directors as set by the legislation;**
 - *(the resolution on approval of transactions with interest is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.17 The resolution on participation in financial and industrial groups, associations and other commercial units;

- *(the resolution on approval of transactions with interest is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.18. The approval of internal documents regulating the activity of the General meeting of the shareholders of the Company, the Board of directors of the Company, the Management Board of the Company and the Auditing Committee of the Company;

- *(the resolution is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.19. The transfer of the powers of the sole executive body of the Company under the agreement of commercial management (managing company) or to an individual person (manager) as well as the resolution on early termination of the powers of such managing company or manager;

- *(the resolution is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.20. The adoption of the resolution on application to the federal executive body on securities on liberation of the obligation of the Company to disclose the information as set by the legislation of Russian Federation on securities ;

- *(the resolution is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.21. The adoption of the resolution on application of delisting of the share of the Company and (or securities) of the Company convertible into its shares;

- *(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*

13.5.22. The election of members of the counting committee and early termination of their powers;

- *(the resolution is passed on the proposal of the Board of directors of the Company by the simple majority of votes (over 1/2 (half)) of votes of the all shareholders without interest - owners of the voting shares of the Company)*

13.5.23. The purchase of the outstanding shares by the Company in cases provided by the Federal law “On joint-stock companies”.

- *(The resolution is passed only on the proposal of the Board of directors of the Company by the qualified majority of votes making $\frac{3}{4}$ (three fourth) of the votes of the shareholders – owners of the voting shares of the Company participating in the General meeting of the shareholders)*

13.5.24. The adoption of other issues provided by the Federal law “On joint-stock companies”.

- 13.6. The issues which refer to the competence of the General meeting of the shareholders cannot be transferred to the Board of directors of the Company or executive bodies of the Company.
- 13.7. The General meeting of the shareholders has not right to consider and pass the resolutions on issues which are not referred to its competence by the Federal law “On Joint-stock Companies”.
- 13.8. The General meeting of the shareholders has no right to pass resolutions on the issues not included into the meeting agenda, as well as to amend the agenda.

14. PREPARATION AND HOLDING OF THE GENERAL MEETING OF THE SHAREHOLDERS

- 14.1. The annual General meeting of the shareholders is held not earlier than 2 (two) months before and not later than 6 (six) months after the end of the financial year.
- 14.2. The proposals on issues to be added to the agenda of the annual General meeting of the shareholders and the proposals on candidate for the bodies of the Company elected by the General meeting of the shareholders, are entered by shareholders of the Company being owners of no less than 2 percent of the voting shares of the Company no later than 100 days after the end of the financial year.
- 14.3. Extraordinary General meeting of the shareholders is held upon the resolution of the Board of directors of the Company on its own initiative, on the initiative of the Auditing Committee, Auditor of the Company or shareholders (shareholder) owning no less than 10% (ten percent) of the voting shares of the Company on the date the call for the meeting has been made. The call of the extraordinary General meeting of the shareholders is made by the Board of Directors of the Company.
- 14.4. The Resolution of the Board of directors of the Company on holding the extraordinary general meeting of the shareholders or a motivated resolution on cancellation of the meeting request, is sent to the persons who requested this meeting no later than 3 (three) days from the moment such resolution is passed.
- 14.5. A list of people with the right to participate in the General meeting of the shareholders is made based on the information in the Registry if the shareholders of the Company on a definite date set by the Board of directors of the

Company on a definite date set by the Board of directors of the Company in accordance with the legislation and this Articles of Association.

The date the list of persons with the right to participate in the General meeting of the shareholders is drawn cannot be set earlier than 10 days from the date the resolution on holding a General meeting of the shareholders is made and no later than 80 days from the date the General meeting of the shareholders is held.

The information on the date the list of persons with the right to participate in the General meeting of the shareholders is compiled is disclosed no less than 7 (seven) days before this date.

- 14.6. The Board of directors of the Company has no right to amend the phrasing of the issues proposed to be included into the agenda of the General meeting of the shareholders and the wording of the resolutions on such issues.
- 14.7. The voting at the General meeting of the shareholders is made by voting bulletins; The Company must send out the bulletins for voting or deliver such bulletins under signature to each person on the list of persons with the right to participate in the General meeting of the shareholders in the order set by the legislation.
- 14.8. The persons entered into the list of persons with the right to participate in the General meeting of the shareholders (their representatives) have the right to participate in such a meeting or send the filled-out bulletins to the Company. The notification on holding the General meeting of the shareholders must be made no later than 30 days from the date it is to be held unless the legislation sets otherwise.
- 14.9. The notification on holding the General meeting of the shareholders must be sent to each person on the list of persons with the right to participate in the General meeting of the shareholders by ordered mail, or place on the web-site of the Company in information and telecommunication network "Internet" at the following address: <http://www.hals-development.ru>.
- 14.10. Additional requirements to the order of preparation, call and handling of the General meeting of the shareholders of the Company are set by the legislation and the internal documents of the Company.

15. HOLDING THE GENERAL MEETING OF THE SHAREHOLDERS

- 15.1. The General meeting of the shareholders is made in the form of joint presence of the shareholders of the Company for the discussion of issues of the agenda and passing resolutions on the issues put to vote. The Chairman of the General meeting of the shareholders is President of the Board of Directors of the Company. The Meeting minutes are recorded by Secretary of the General meeting of the shareholders of the Company. The function of the secretary at the General meeting of the shareholders is performed by corporate secretary of the Company, in his absence – a person authorized by the Board of directors of the Company. In case President of the Board of Directors cannot be present at the General meeting of the shareholders, his functions are performed by one of the members of the Board of directors upon the resolution of the Board of Directors.
- 15.2. The resolution of the General meeting of the shareholders can also be made without a meeting by absentee voting.
- 15.3. The General meeting of the shareholders the agenda of which includes the issues on the election of the Board of directors of the Company, the Auditing committee of the Company, on approval of the Auditor of the Company as well as other issues provided by s. 13.5.12 of p. 13.5 of this Articles of Association cannot be held as absentee voting.
- 15.4. Only the persons included into the list of persons with the right to participate in the general meeting of the shareholders, the persons who have inherited the rights on shares or acquired these rights by reorganization or their representatives acting in accordance with the Power of attorney for voting or with the legislation.
- 15.5. The registration of the persons participating in the General meeting of the shareholders held in the form of a meeting is made by the Counting committee of the Company.
The functions of the Counting committee of the Company are made by the Registrar of the Company who is the holder of the registry of the shareholders of the Company.
- 15.6. The General meeting of the shareholders held in the form of a meeting is open if by the time of its opening quorum on at least one issue included into the agenda of the General meeting exists. The registration of persons with the right to participate in the General meeting of the shareholders who did not register for participation before the meeting opening, is finished not earlier than the last issue on the agenda of the General meeting of the shareholders with quorum present is discussed.
- 15.7. If the agenda of the General meeting of the shareholders includes issues put to vote of different set of voters, the quorum is defined for each issue separately. The absence of quorum for resolution on the issues put to vote by the same set of voters does not prevent passing a resolution on the issue passed by another set of voters for which the quorum exists.
- 15.8. The quorum of the General meeting of the shareholders is defined depending on the set of voters on certain issues included into the agenda of the General meeting of the shareholders.
- 15.9. All the shareholders – owners of the ordinary shares of the Company are included into the list of voters on all issues included into the agenda of the General meeting of the shareholders except for the following issues:
 - On approval of the transaction with interest (s. 13.5.15 p. 13.5 of this Articles of Association), the shareholders of the Company who are considered as interested in this transaction are not included into the voting;
 - On election of the Auditing committee of the Company the shareholders of the Company and persons who are who are members of the Board of directors and persons engaged in the management bodies of the Company.

- 15.10. The quorum of the General meeting of the shareholders on any of the issues on the agenda of the General meeting of the shareholders is defined as the simple majority of (over ½ (half) votes of the shareholders - owners of the voting shares on the issue put to vote.
- 15.11. In case by the time the General meeting of the shareholders opens no quorum on any of the issues included into the agenda of the General meeting exists, the opening of the General meeting can be postponed to a later time but no later than 2 (two) hours.
- 15.12. If quorum to hold the General meeting of the shareholders doesn't exist, another General meeting of the shareholders with the same agenda must be held.
- 15.13. The voting at the General meeting of the shareholders is counted as "one voting share of the Company is equal to one vote" except for the cumulative voting in cases provided by the legislation and this Articles of Association.
- 15.14. Additional requirements to the order of holding the General meeting of the shareholders of the Company are set by the legislation and the internal documents of the Company.

16. THE DOCUMENTS OF THE GENERAL MEETING OF THE SHAREHOLDERS

- 16.1. As a result of the voting the Counting committee makes a Voting protocol on the voting results signed by members of the Counting committee or the person running its function. The Voting protocol is made no later than 3 (three) working days after the closing of the General meeting of the shareholders or the date the bulletins receipt is stopped at absentee voting.
- 16.2. The Voting protocol is included into the Meeting minutes of the General meeting of the shareholders.
- 16.3. The resolutions passed by the General meeting of the shareholders as well as the voting results can be declared at the general meeting of the shareholders where this voting was held. They also have to be reported to the persons included into the list of persons with the right to participate in the General meeting of the shareholders, by means of a Voting report as provided no later than 4 (four) working days after the closing of the General meeting of the shareholders or the date the bulletins receipt is stopped at absentee voting. The voting report at the General meeting of the shareholders. The Voting report at the General meeting of the shareholders is signed by the Chairman at the General meeting of the shareholders and the Secretary of the General meeting.
- 16.4. In case a nominal holder of shares was registered in the registry of the shareholders on the date the list of persons with the right to participate in the General meeting of the shareholders the Voting reports in sent in the electronic form (as the electronic documents signed electronically) to this nominal shareholder. The nominal shareholders must inform their deponents on his receipt of the Voting report in the order and in period set by the legislation of Russian Federation or by the Deponent agreement.
- 16.5. The Meeting minutes of the General meeting of the shareholders no later than 3 (three) working days from the closing of the General meeting of the shareholders in two originals. Both originals are signed by the Chairman of the General meeting of the shareholders and the Secretary of the meeting.
- 16.6. Upon the compilation of Voting protocol and the Meeting minutes of the shareholders the voting bulletins are printed by the Counting committee and are submitted to the archive of the Company for storage.
- 16.7. Additional requirements to the form and order of the compilation of the documents of the General meeting of the shareholders of the Company are set by the legislation and by the internal documents of the Company.

VI. BOARD OF DIRECTORS OF THE COMPANY

17. GENERAL CLAUSE

- 17.1. The Board of directors of the Company is responsible for general management of the activity of the Company excluding the resolution of the issues referred to the competence of the General meeting of the shareholders by the Federal law "On joint-stock companies".
- 17.2. Only a physical person can be a Member of the Board of directors of the Company. The persons elected to the Board of directors of the Company can be reelected for an unlimited number of times.
- 17.3. A member of the Board of directors of the Company doesn't have to be a shareholder of the Company.
- 17.4. A person carrying out the functions of President of the Company cannot at the same time be President of the Board of directors.
- 17.5. Members of the Board of directors of the Company are elected by means of the General meeting of the shareholders in the order set by the legislation and by this Articles of Association for the period until the next annual General meeting of the shareholders. If the annual General meeting of the shareholders is not held within the set period, the powers of the Board of directors are terminated except for the powers needed to prepare, call and hold the annual General meeting of the shareholders.
- 17.6. The number of members of the Board of directors of the Company is defined by the resolution of the General meeting of the shareholders with no less than five members. The quorum for the meeting of the Board of directors is equal to ½ (half) of the elected members of the Board of directors. In case the number of votes of the members of the Board of directors is less than the indicated quorum, the Board of directors must make the resolution to hold an extraordinary meeting of the shareholders of the Company for the election of a new Board of directors of the Company. In this case the powers of the Board of directors are terminated with the exception of the powers required to prepare, to call and to hold an extraordinary General meeting of the shareholders.
- 17.7. The organization and management of the work of the Board of directors is made by President of the Board of directors of the Company. President of the Board of directors presides over the meetings of the Board of directors of

the Company, organizes protocol recording in the meeting, and presides over the General meeting of the shareholders.

- 17.8. The President of the Board of directors is elected by members of the Board of directors out of the members of the Board of directors by a majority of votes. The Board of directors of the Company has the right at any time to reelect President of the Board of directors by the majority of votes from the total number of votes of the members of the Board of directors.
- 17.9. The first meeting of the Board of directors of the Company upon election at the General meeting of the shareholders is called by any member of the Board of directors from the newly elected ones.
- 17.10. The members of the Board of directors remain loyal to the Company and execute the functions laid upon them dutifully and with the biggest profit for the Company.
- 17.11. The duties of the members of the Board of directors are defined by the legislation, by this Articles of Association and by the internal documents of the Company. The members of the Board of directors are obliged as follows:
 - 17.11.1. To follow the requirements of this Articles of Association and the resolutions of the General meeting of the shareholders;
 - 17.11.2. To provide the Company with their personal information, their affiliated persons and to report on all the amendments of such information in the order defined by the legislation;
 - 17.11.3. To inform the Board of directors of the Company, the Auditing committee and Auditor of the Company in due time on the transactions made or to be made by the Company where they can be recognized as interested, including the information on the legal entities owning on their own or jointly with their affiliated parties (persons) 20% (twenty percent) or more voting shares as well as on the legal entities, management bodies where they are in position.
- 17.12. Upon the resolution of the General meeting of the shareholders the Members of the Board of directors of the Company are paid remuneration and compensation of the expenses related to their activities as members of the Board of directors during the period of their service. The size of such remuneration and compensations is set by the resolution of the General meeting of the shareholders.

18. THE COMPETENCE OF THE BOARD OF DIRECTORS OF THE COMPANY

- 18.1. In order to keep stable financial position and competitive advantage of the Company the Board of directors is responsible to organize effective structure and management of the Company, develops strategic and tactical aims and facilitates their realization by the Company.
- 18.2. The following issues refer to the competence of the Board of directors of the Company:
 - 18.2.1. Definition of priority directions of activity of the Company:**
 - the approval of business plans of major investment projects, their amendment and addition, the approval of execution reports;
 - the approval of financial and business plans, their amendment and addition, the approval of reports on their execution;
 - the approval of annual budgets, their amendment and addition as well as the approval of their execution on quarterly basis;
 - the approval of investment and production programs, their amendment and addition, as well as their execution reports;
 - the approval of development strategy, its amendment and additional as well as the approval of reports on its execution;
 - the definition of other priority activity directions.
 - *(the resolution is passed by a simple majority (over ½ (half) of votes of the shareholders participating in the meeting of the Board of Directors)*
 - 18.2.2. The call of the annual and extraordinary General meeting of the shareholders;**
 - *(the resolution is passed by a simple majority (over ½ (half) of votes of the shareholders participating in the meeting of the Board of Directors)*
 - 18.2.3. The approval of the agenda of the General meeting of the shareholders ;**
 - *(the resolution is passed by a simple majority (over ½ (half) of votes of the shareholders participating in the meeting of the Board of Directors)*
 - 18.2.4. The definition of the date of compilation of the list of persons with the right to participate in the General meeting of the shareholders and other issues related to preparation and holding of the General meeting of the shareholders and activities related to the competence of the Board of directors by the legislation and by this Articles of Association;**
 - *(the resolution is passed by a simple majority (over ½ (half) of votes of the shareholders participating in the meeting of the Board of Directors)*
 - 18.2.5. The increase of the share capital of the Company by means of placement of additional shares by open signature except for the cases stated by 13.5.6.4 of p. 13.5 of this Articles of Association;**
 - *(the resolution is passed by the unanimous resolution of all the members of the Board of directors with no reference to the former members of the Board of directors)*
 - 18.2.6. The placement of stock and other securities (including equity) convertible into the shares of the Company) except for the cases when the passing of the respective resolution refers to the competence of the General meeting of the shareholders of the Company;**
 - *(the resolution on placement of stock and other securities is passed by a simple majority (over ½ (half) of votes of the shareholders participating in the meeting of the Board of Directors) ; the resolution is passed by*

the unanimous resolution of all the members of the Board of directors with no reference to the former members of the Board of directors)

- 18.2.7. The definition of the price (monetary value) of the property being the subject of the transactions made by the Company as well as the price of placement and its distribution, the order of its definition and the buy-out price of the securities of the Company in cases provided by the legislation;**
- *(The resolution is passed by a simple majority of votes (over ½ (half) of votes of the members of the Board of directors present at the meeting. If a person interested in one or several transactions in which the price (monetary value) is defined by the Board of directors, is a member of the Board of Directors (Supervisory Board) of the Company, the price (monetary value) of the property is defined according to the resolution of the members of the Board with no interest in such transaction. In a company with more than 1000 shareholders the price (monetary value) of property is defined by independent directors not interested in the transaction.)*
- 18.2.8. The purchasing of outstanding shares, securities and other equity of the Company in cases an in order provided by the legislation;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.9. The election of President of the Company, the approval of his employment contract including his remuneration, as well as early termination of his appointment as President of the Company ;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.10. The definition of the quantitative number of the collegial executive body of the Company – Management Board, the election of the members of the Management Board, early termination of the powers of the Management board, provision of the main conditions of the agreements concluded with the members of the Management Board.**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.11. Recommendations to the General meeting of the shareholders regarding the amount of remuneration of the members of Auditing committee and the Auditor of the Company;**
- *(решение принимается простым большинством (более ½ (половины)) голосов участвующих в заседании членов Совета директоров)*
- 18.2.12. Recommendations to the General meeting of the shareholders regarding the distribution of profit (including the amount of dividends payable on shares and the order of payment) and loss of the Company as per the results of the financial year;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.13. The approval of the Statutes of Dividend Policy;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.14. The utilization of the reserve fund and other funds of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.15. The approval of internal documents including those regulating payment of stimulation remunerations to the employees of the Company (additional payments, bonuses and other stimulation remunerations) as well as the approval of Remuneration and Compensation Policy for the expenses of the Board of directors' members and other key personnel of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of member of the Board of directors present at the meeting)*
- 18.2.16. The incorporation of branches and opening of representations of the Company as well as the passing of resolutions on their liquidation and closing; the approval of the Statutes of branches and representations, amendment or addition of this Articles of Association related to incorporation of branches or opening of representation or their closing;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.17. The approval of major transactions the subject of which is property with the value exceeding 25% (twenty five percent) to 50% (fifty percent) of the balance asset value of the Company as calculated on the date of its accounting report on the last reporting date, the approval of transactions related to sale or possible sale of property with the value exceeding 10% (ten percent) of the balance asset value of the Company;**
- *(the resolution on approval of major transactions related to sale or possible sale of property with the value exceeding 10% (ten percent) of the balance asset value of the Company is passed by a simple majority of over ½ (half) votes of the votes of members of the Board of directors present at the meeting*
 - *the resolution on approval of major transactions indicated in this paragraph is passed by the unanimous resolution of all members of the Board of directors except for the terminated members)*

- 18.2.18. The approval as provided by the legislation of transactions with interest except for the cases when this resolution refers to the competence of the General meeting of the shareholders in accordance with s/ 13.5.15 of this Articles of Association;**
- *(the resolution is passed by a simple majority (over ½ (half) votes of all members of the Board with no interest in the transaction, If the number of shareholders with voting shares in the Company exceeds 1000, the resolution on approval of a transaction with interest is passed by the majority of votes of independent members of the Board of directors with no interest in the transaction)*
- 18.2.19. The approval of the registrar of the Company and his employment conditions as well as the termination of such appointment;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.20. The approval of the candidate for the position of the managing company (manager) and their employment conditions for the purpose of adding the issue of the transfer of powers of the sole executive body of the Company to such managing company (manager) into the agenda of the General meeting of the shareholders of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.21. The termination of the powers of the managing company (manager) at the same time the resolution on incorporation of a temporary sole executive body of the Company and on holding of an extraordinary General meeting of the shareholders for passing the resolution on early termination of the powers of the managing company (manager) and on transfer of these powers of the sole executive body of the Company to the managing company (manager);**
- *(the resolution is passed by the qualified majority (over 3/4 (three fourth) of the votes of all members of the Board of directors except for the terminated members)*
- 18.2.22. The sale of purchased or bought-out shares of the Company at the disposal of the Company according to the legislation and this Articles of Association;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.23. The approval of resolutions on issue of leaflets, reports on the results of issue as well as the reports on the results of purchase of the securities of the Company by the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.24. Introduction of issues related to in s. 13.5.2., 13.5.6. - 13.5.8. , 13.5.14. – 13.5.19. and 13.5.23. of p. 13.5. of this Articles of Association for consideration of the General meeting of the shareholders;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.25. The appointment of Corporate secretary of the Company and termination of his appointment, approval of the Statutes on Corporate secretary of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.26. The approval of the Information policy of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.27. Preliminary approval of annual reports and annual accounting reports of the Company;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.28. The adoption of the trademark form**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.29. The incorporation of Committees of the Board of directors of the Company, the definition of their powers, the approval of personnel list, the description of their activities as well as consideration of the reports on the results of their activity;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*
- 18.2.30. The definition of the principles and methods to organization of risk management and internal control system of the Company, the analysis and evaluation of the effectiveness of risk management and internal control system, consideration of the results of such analysis and evaluation as well as the approval of the candidate for the position of Head of Internal control of the Company, adoption of Internal control Policy, Internal control service statutes, Risk management Policy;**
- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*

18.2.31. The approval of the activity plan for internal audit and budget of the Internal audit Service, appointment and termination of appointment as well as the remuneration of Head of Internal audit Service;

- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*

18.2.32. The approval of the organizational structure of the Company¹;

¹The Organizational structure of the Company – split of the Company into departments to the level of direct management of President of the Company in order to provide effective management and communication between the departments, reporting and responsibility.

- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*

18.2.33. The purchase of the outstanding shares by the Company in cases provided by p. 2 art. 72 of Federal law “ On joint-stock companies”;

- *(resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*

18.2.34. Adoption of the resolution of application for listing of shares of the Company and (or) equity securities of the Company convertible into the shares of the Company;

- *(the resolution is passed by a simple majority (over ½ (half) of the votes of members of the Board of directors present at the meeting)*

18.2.35. Adoption of resolutions on other issues related to the competence of the Board of directors of the Company by Federal law “ On joint-stock companies” and this Articles of Association.

18.3. The issues related to the competence of the Board of directors of the Company by the legislation and this Articles of Association cannot be passed for resolution to executive bodies of the Company.

18.4. The resolutions passed by the Board of directors within the limit of its competence are binding for executive bodies and employees of the Company.

19. THE MEETING OF THE BOARD OF DIRECTORS OF THE COMAPANY

19.1. The Board of directors of the Company organizes its activity in the form of meetings held by joint actual presence of the members of the Board of directors based on collective free discussion of the issues on the agenda and adoption of respective resolutions within its competence. In case it is necessary adoption of resolutions by the Board of directors can be made by absentee voting. The resolution on holding an absentee voting of the Board of directors is passed by President of the Board.

19.2. The meetings of the Board of directors of the Company is held when necessary and is called by President of the Board of directors at his own initiative, at the request of a member of the Board, of Auditing Committee or an Auditor of the Company as well as on the request of executive bodies of the Company.

19.3. The meeting of the Board of directors for preliminary approval of annual reports, annual accounting reports as well as profit and loss statements (accounts of profit and loss) of the Company introduced for the approval of the General meeting of the shareholders are held no later than 30 (thirty) days before the date the annual meeting of the shareholders is to be held.

19.4. The meetings of the Board of directors are held at the residence address of the Company or in another place defined by the Board of directors.

19.5. The members of the Board are to be notified on the meeting of the Board (no later than 1 day before the date of the meeting). The notification must contain the agenda of the upcoming meeting.

19.6. Each member of the board owns 1 (one) voice at the meeting of the Board of Directors.

19.7. Unless the legislation or this Articles of Association sets otherwise, the resolution of the Board of Directors is considered passed if more than half of its members present at the meeting voted for it. In case the votes are even, the vote of President of the Board of directors at the meeting is considered decisive.

19.8. The written opinion of absent members of the Board is considered for definition of quorum. The written opinion the member of the Board is attached to the Meeting minutes.

19.9. The meeting minutes of the meeting of the Board or directors are held by Secretary of the Board of directors. The functions of the Secretary of the Board are performed by Corporate Secretary of the Company. The Meeting minutes are drawn no later than 3 (three) days upon the date of the meeting. The meeting minutes are signed by the Chairman of the meeting who is responsible for its correctness.

19.10. Additional requirements to the order of calling and holding a meeting of the Board of directors are defined by the legislation and the Statutes of the Board of directors.

VII. EXECUTIVE BODIES OF THE COMPANY

20. GENERAL CLAUSE

20.1. The executive bodies of the Company are collegial executive body – Management board and the sole executive body – President.

- 20.2. The executive bodies of the Company effect management of the current activity of the Company and report to the Board of directors and General meeting of the shareholders.
- 20.3. The resolutions passed by the General meeting of the shareholders and the Board of directors of the Company are binding for the executive bodies of the Company.
- 20.4. The resolution of the issues which are not within exclusive competence of other managing bodies of the Company by legislation of this Articles of Association refers to the competence of the executive bodies of the Company.
- 20.5. The incorporation of executive bodies of the Company is made by the Board of directors.
- 20.6. The rights and obligations of executive bodies are regulated by the legislation, other internal documents of the Company, the Articles of Association and other internal legislative documents of the Company. The sole executive body of the company organizes the execution of the resolutions of the General meeting of the shareholders and the Board of directors. The executive bodies of the Company are responsible for effective economy, financial, science and technology and social policy of the Company. Executive bodies of the Company have no right to adopt resolutions binding for the shareholders.
- 20.7. The Board of directors of the Company has the right at any time to make resolution on early termination of the powers of the President as well as the powers of any separate member of the Management board or all the members of the Management board and on the incorporation of new executive bodies of the Company.
- 20.8. The relations between the Company and President, the Company and members of the management board are regulated by the labor legislation of Russian Federation which are not against the regulations of the Federal law “On joint-stock companies”.

21. PRESIDENT OF THE COMPANY AND MANAGEMENT BOARD

- 21.1. President of the Company being the sole executive body of the Company makes management of the daily activity of the Company and is a head of the collegial executive body – the Management board.
The election of the President as well as early termination of the powers of President is made according to the resolution of the Board of directors of the Company.
The duration of the powers of the President is defined by the resolution of the Board of directors of the Company but cannot exceed three years.
- 21.2. President of the Company is empowered with all required powers to handle operational management of the activity of the Company in accordance with the legislation of Russian Federation.
President of the Company acts without the Power of attorney on behalf of the Company within his competence set by this Articles of Association and the legislation..
- 21.3. All the issues of management of daily activity of the Company except for the issues referred to exclusive competence of the General meeting of the shareholders, the Board of directors and the Management board, refer to the competence of President of the Company.

The following also refers to the competence of the President:

- 21.3.1. Operational management of the activity of the Company.
- 21.3.2. The signing of financial documents of the Company with the right of the first signature.
- 21.3.3. The disposal of the property of the Company by managing its daily activity as set by the Articles of Association.
- 21.3.4. Representation of the interests of the Company in Russian Federation and abroad.
- 21.3.5. The approval of the structure, the staff list of the Company, the statutes on structural departments of the Company, conclusion of labor agreements with the employees of the Company, payment of bonuses or penalties application towards the employees.
- 21.3.6. The management of the functions of the Chairman of the Management board and organization of the work of the Management board.
- 21.3.7. The presentation of personal list of the Management board to the Board of directors for approval.
- 21.3.8. The approval of transactions on behalf of the Company, the issue of the Power of attorney, the opening of bank accounts of the Company.
- 21.3.9. Organization of accounting, reporting of the Company and document flow in the Company.
- 21.3.10. The publication of orders and instructions obligatory for execution.
- 21.3.11. Appeal and claims to legal and physical entities in Russian Federation and abroad on behalf of the Company.
- 21.3.12. The representation of the Company at general meetings of the shareholders (participants) of the branch offices as well as other organizations with the participation of the Company and voting on all the issues of the agendas of such general meetings.
- 21.3.13. The approval of internal documents of the Company which regulate the issues of daily activity of the Company, the resolution on which is within his competence.
- 21.4. President of the Board of directors or another person authorized by the Board of directors of the Company signs the agreement with President of the Company on behalf of the Company. The terms and conditions of the agreement are set by the Board of directors.
Is the agreement of the President with the Company is terminated, The President is to provide a report on his work to the Board of directors.
The labor legislation of Russian Federation refers to the relations between the President and the Company in the part it doesn't contradict the provisions of the Federal law “On Joint-stock companies”.
- 21.5. The collegial executive body of the Company – Management board, except for the President, is incorporated by the Board of directors in the quantity defined by the Board of directors. The term of the powers of members of the

Management board is defined by the Board of directors but cannot exceed three years. The term of service of members of the Management board appointed as replacement to early terminated members or for the purpose of increase of the number of members can't exceed the term of service of President of the Company. The members of the Management board can be reelected to the Management board for unlimited number of times.

21.6. The voting of the Board of directors is made separately for each candidate at election.

21.7. The powers of any member of the Management board can be terminated at any time by the Board of directors. A member of the Management board can resign earlier by making a written application to the President.

The terms, the order of calling and holding meetings of the Management board as well as the order of adoption of resolutions by the Management board are defined by the Statutes of the Management board.

21.8. The following issues refer to the competence of the Management board:

21.8.1 The preparation of business plans of major investment projects, financial plans, investment and production programs, development strategy of the Company as well as the reports on their execution, preliminary approval of these documents for the approval of the Board of directors in accordance with p. 18.2.1 of the Articles of Association.

21.8.2. The development and realization of the general development strategy of the Company, the legal entities with shares of the Company in direct presence, including organization and holding of the united manufacturing and technical, financial, pricing, social and human resources policy.

21.8.3. The approval of the regulations providing required organization and verification of the accounting in the Company and duly provision of annual reports and other financial reports to the respective bodies as well as information on the activity of the Company provided to shareholders, creditors and mass media in accordance with the requirements of the legislation and other legal acts.

21.8.4. The approval of internal documents of the Company on the issues related to the competence of the Management board of the Company and which are not exclusively referred to other bodies of the Company according to the legislation of Russian Federation.

21.8.5. The control and coordination of the activity of legal entities in the share capital with direct participation of the Company:

21.8.5.1. The adoption of the resolution on the position of the Company (the representatives of the Company) in relation to the following issues put to consideration of the general meetings of the shareholders (participants, members) and the Boards of directors (Supervisory boards) and other collegial bodies of management of the legal units with direct participation of the Company:

- Definition of priority directions of activity:

Approval of business plans of major investment projects, their amendment and addition as well as the approval of reports on their execution;

Approval of financial plans, their amendment and addition as well as the approval of reports on their execution;

Approval of annual budgets, their amendment and addition as well as the approval of reports on their execution on quarterly basis;

Approval of investment and manufacturing programs, their amendment and addition as well as the approval of reports on their execution;

Approval of development strategy, its amendment and addition as well as the approval of reports on its execution;

Definition of other priority fields of activity;

- amendments and (or) additions to the incorporation documents, their approval in new editions;

- amendments of the size of the share (participation) capital including its increase by additional shares;

- contributions to the property;

- approval of major transactions with property of over 50% of the asset balance value of the Company;

- approval of the transactions with interest;

- the definition of the quantitative number and election of the members of the Board of directors (Supervisory Board), Auditing committee (Auditor);

- incorporation of the sole executive body and (or) collegial executive body, termination of their powers;

- transfer of powers of the sole executive body to the managing company (manager) by agreement);

- reorganization and liquidation;

- approval of internal documents, regulating the activity of the control and management bodies of Company, their amendment and addition;

- approval of transactions for the amount over 10 million rubles.

21.8.6. The adoption of the resolutions on participation, amendment and termination of the participation of the Company in other organizations including their incorporation;

21.8.7. The approval of the candidates for the application to the management bodies of the companies with direct presence of the Company as well as the approval of wording on the issues to be added to the agenda of the meetings of the management bodies of such companies and projects of resolutions on these issues.

21.8.8. The approval of qualification requirements, evaluation principles and motivation system of the Company.

21.8.9. The approval of the transactions related to the sale or possible sale of the property with the value over 10% (ten percent) of the balance asset value of the Company.

21.8.10. The Management board can consider other issues of the current activity put to the consideration of the Management board by the President.

VIII. PROPERTY OF THE COMPANY. DIVIDENDS. COMPANY FUNDS.

22. PROPERTY OF THE COMPANY

- 22.1. The Company is the owner of its property including that received from the shareholders. The shareholders of the Company don't have ownership of the property entered as part of the share capital of the Company.
- 22.2. The sources of property, balance and net profit of the Company are formed in the order provided by the legislation
- 22.3. The net asset value of the Company is evaluated according to the accounting data in the order set by the legislation.
- 22.4. Прибыль Общества, остающаяся после уплаты налогов и иных обязательных платежей в бюджет, поступает в распоряжение Общества.
- 22.5. The profit which remains at the disposal of the Company is directed for refilling the funds of the Company, payment of dividends, development of the Company and other purposes provided by the legislation, by this Articles of Association and internal documents of the Company in accordance with the resolution of the General meeting of the shareholders. The loss of the Company is covered by its property as provided by the legislation.

23. COMPANY DIVIDENDS

- 23.1. The Company has the right to make resolutions (declare) as to the payment of the dividends on the placed shares as a result of the first quarter, half year, nine months. The limitations set in relation to the payment (declaration) of dividends are defined by the legislation.
- 23.2. The resolution on payment (declaration) of dividends is passed by the General meeting of the shareholders. This resolution defines the amount of dividends to be paid on the shares of each category (type), the form of their payment, the order of payment of dividends in non-monetary form, the date on which the persons with the right to receive the dividends is passed only based on the proposal of the Board of directors (Supervisory board) of the Company.
- 23.3. The resolution on payment (declaration) of dividends on the results of the first quarter, half year, nine months of the financial year can be passed by the extraordinary General meeting of the shareholders within three months after the end of the respective period. The resolution on payment of dividends as a result of the financial year is passed by the General meeting of the shareholders of the Company.
- 23.4. The amount of dividends cannot exceed the amount dividends recommended by the Board of directors of the Company.
- 23.5. The Company is obliged to pay the dividends as declared by the shares of each category (type).
- 23.6. The dividends can be paid by money or in any other form as per the resolution of the General meeting of the shareholders, in other form – by shares, securities, products or other property.
- 23.7. The date when the persons with the right to receive dividends are defined according to the resolution (declaration) of dividends, cannot be set earlier than in 10 days from the date the resolution on payment (declaration) of dividends is passed but no later than 20 days from the date the resolution is passed.
- 23.8. The period of payment of dividends to the nominal holders or to the manager being professional participant of the securities market which are registered in the Registry of the shareholders of the Company, must not exceed 10 working days, and to other shareholders registered in the registry of shareholders – 25 working days from the date when the persons with the right to receive dividends are defined.
- 23.9. The dividends are paid to the persons recognized as owners of shares of the respective category (type) or other persons with the rights on shares according to the federal legislation, by the end of the transactional day when according to the resolution on payment of dividends such persons are defined.
- 23.10. The payment of dividends in monetary form is made according to the Federal law “On joint-stock companies”.
- 23.11. The person who has not received the dividends due to the fact that the Company or the registrar has no exact and required address or bank information or due to other delay of the creditor, has the right to apply for the payment of these dividends (non-declared dividends) within three years from the date the resolution on the payment of dividends is passed. Upon the expiry of the declared and non-declared dividends are reimbursed as part of non-distributed profit of the company, the obligation of their payment is terminated.

24. COMPANY FUNDS

- 24.1. The Company creates a reserve fund in the size of 5 % (five percent) of the share capital of the Company. The reserve fund is formed by annual payments in the amount no less than 5 % (five percent) of the net profit of the Company up to 5 % (five percent) of the Share capital of the Company. The reserve fund of the Company is formed to cover its losses and to repay securities of the Company and to buy in the outstanding shares of the Company in case no other funds are available for this purpose.
- 24.2. The reserve fund cannot be used for any other purposes.
- 24.3. The Company has the right to create other funds. The provisions on the order of creation and usage of the Company funds are passed by the Board of directors.

IX. REPORTING. INTERNAL AUDIT. INFORMATION ON THE COMPANY.

25. ACCOUNTING AND REPORTING.

- 25.1. The Company organizes accounting and takes measures to secure true and complete reflection of information on all performed transactions and other business activity facts.
- 25.2. The Company has the right to store the documents provided by the legislation.
- 25.3. The Company discloses financial reporting in the order set by the current legislation and internal documents of the Company.
- 25.4. The annual and intermediary consolidated financial reporting of the Company is provided to the shareholders of the Company by means of disclosure of annual and intermediary consolidated financial reporting of the Company in accordance with the requirements of federal laws and other legislation acts of Russian Federation regulating the disclosure of information on financial markets.
- 25.5. The President of the Company is responsible for the organization, the condition and accuracy of the accounting reports of the Company for timely presentation of the annual report and other financial reports and controlling bodies as well as the responsibility for correct information on the activity of the Company, its creditors and other persons.
- 25.6. The annual report of the Company must be preliminary approved by the Board of directors of the Company no later than 30 (thirty) days prior to the date of the annual General meeting of the shareholders.
- 25.7. The accuracy of the data contained in the annual report of the Company, annual accounting reports of the Company must be confirmed by the Audit committee of the Company.

26. REVISIONS AND AUDIT

- 26.1. The Company enters into the agreement with a specialized organization (Auditor) for check and confirmation of the financial reporting (external audit). The order of organization and holding of revisions of financial activity of the Company by the Auditors defined by the conditions of the concluded agreement.
- 26.2. The control over financial and business activity of the Company (internal audit) is performed by the Audit committee of the Company (hereinafter - the Committee) consisting of 3 (three) people.
- 26.3. The activity of the Audit Committee is regulated by the legislation, this Articles of Association and the Statutes on the Audit Committee of the company.
- 26.4. The Audit committee of the Company is elected by the General meeting of the shareholders from the list of the shareholders or the proposed candidates who are not members of the Board of directors and who are not engaged in the executives bodies of the Company for the period of 1 (one) year. The members of the Audit Committee can be reelected for the next period, or dismissed from the Committee earlier if there are grounds for it according to the resolution of the General meeting of the shareholders by a simple majority of votes.
- 26.5. The management of the activity of the Company is made by the Chairman elected at the first meeting of the Committee. The Chairman can be reelected to the following period or dismissed from the Committee earlier if there are grounds for it according to the resolution of the General meeting of the shareholders by a simple majority of votes of the Audit Committee. The Chairman organizes the work of the Committee, signs the reports and acts compiled by it. The Committee appoints Secretary of the Committee who keeps the documentation of the Committee from the members of the Committee.
- 26.6. The audit of financial and business activity of the Company is made by the Audit committee as per the results of the activity of the Company for the year and also at any time at the own initiative of the Audit committee as per the order of the General meeting of the shareholders, the Board of directors or at the order of a shareholder (shareholders) owning no less than 10% (ten percent) of the voting shares of the Company. During the audit the members of the Audit committee have the right to request provision of all needed documents and explanations from the employees of the Company. The audit committee presents the results of the audit to the General meeting of the shareholders and the Board of directors of the Company.
- 26.7. The annual report of the Company as well as annual accounting reporting is presented to the General meeting of the shareholders only with the conclusion of the Audit committee.
- 26.8. The Audit committee sets its own working plan. The working plan provides control of the execution of the audit and proposals for future audit.
- 26.9. The results of documentary audit made by the Audit committee are recorded in the acts signed by Chairman and discussed at the meetings of the Committee. The acts of audit as well as the conclusions of the Audit committee on annual reports and annual accounting reports of the Company are presented to the Board of directors.
- 26.10. In case of necessity the Audit committee has the right to attract experts and independent auditing companies on terms of agreements. Additional expenses in this case must be approved by the Board of directors. The calculation of expenses must be approved by the Board of directors.
- 26.11. The members of the Audit committee can receive remuneration for their function. The amount of such remuneration is set by the resolution of the General meeting of the shareholders as per the recommendation of the Board of directors. The President of the Company is responsible for the technical and material provision of the activity of the Audit committee.
- 26.12. The results of the audit is presented by the Auditing committee of the Company which contains:
 - verification of data contained in the reports and other financial documents of the Company;
 - information on the facts of violations of accounting regulations and provisions of financial reporting set by the legislation of Russian Federation on financial and business activity.
- 26.13. The members of the Audit committee have the right to participate in the meetings of the Board of directors with the right of deliberative vote.

- 26.14. The members of the Audit committee are responsible for the execution of obligations put on them in the order set by the legislation and this Articles of Association.
- 26.15. Additional requirements related to the order of organization of their work as well as the rights and obligations are set by the Statutes of the Audit Committee of the Company.

27. CONFIDENTIALITY

- 27.1. Information on the Company is provided in accordance with the requirements of the legislation and other legal acts of Russian Federation.
- 27.2. The information of financial character as well as other commercial information related to the activity of the Company is considered confidential.
- 27.3. The shareholders and the Company do their best to prevent non-sanctioned disclosure or leakage of such information. The members of the Board of directors with access to confidential information cannot disclose it to other persons with no access to such information or use it in their personal interest of the interest of third parties.
- 27.4. At the request of the President of the Company Information policy of the Company is developed and introduced to the Board of directors for approval in accordance with the legislation and the internal documents of the Company which is binding to all the employees of the Company.

X. FINAL CLAUSE

28. REORGANIZATION AND LIQUIDATION OF THE COMPANY

- 28.1. The Company can be voluntarily reorganized in the order provided by the legislation.
- 28.2. The reorganization of the Company can be made in the form of a merger, accession, division, allotment or transformation.
- 28.3. The Company is considered reorganized from the moment of state registration of legal entities created as a result of this reorganization, except for the reorganization by accession.
- 28.4. With reorganization in the form of accession of the Company by joining of another legal entity, the Company is considered reorganized from the moment the record on termination of the activity of the joined company is entered into the Unified registry of legal entities.
- 28.5. The Company can be voluntarily liquidated in the order provided by the legislation, by court order or by other grounds provided by the legislation.
- 28.6. The liquidation of the Company leads to termination of transfer of the rights and obligations to other parties by means of succession.
- 28.7. The liquidation committee overtakes all the powers of management of the business of the Company from the moment it is appointed. The liquidation committee acts in court on behalf of the liquidated Company.
- 28.8. The Liquidation committee publishes the message on liquidation of the Company and the order of declaration of the creditors' rights in mass media where such information is published. This period can be no less than two months from the moment the message of liquidation is published. The Liquidation committee takes all the measure to find creditors and receive the funds from account receivables and informs the creditors on liquidation in writing.
- 28.9. Upon the end of the period for declaration of creditor's claims the liquidation committee draws intermediary liquidation balance which contains information on the list of property of the liquidated company, the claims of the creditors, the results of their consideration and the list of satisfied claims as per the resolutions of courts which came into force independent of the fact if such claims were accepted by the liquidation committee or not. The intermediary liquidation balance is approved by the General meeting of the shareholders.
- 28.10. Upon the completion of the accounts with creditors the liquidation committee draws the final liquidation balance to be approved by the General meeting of the shareholders.
- 28.11. The property which remains upon satisfying all creditors' claims is distributed by the liquidation committee between the shareholders in the order set by Federal law "On joint-stock companies". The distribution of property of each order is made upon the complete distribution of the previous order.

The liquidation of the Company is considered completed and the company terminated from the moment the state registration body records this fact in the Unified registry of legal entities.

29. THE ORDER OF THIS CHATER AND ITS AMDENDMENTS COMING INTO FORCE

- 29.1. This Articles of Association comes into force from the moment it is registered in the order provided by the legislation.
- 29.2. The resolutions on amendments and additions to this Articles of Association are passed in the order provided by the legislation and this Articles of Association.
- 29.3. The provisions of this Articles of Association are subject to amendment as long as this amendment doesn't contradict the legislation. If as a result of such amendments separate articles of this Articles of Association contradict the legislation acts they become invalid until the moment respective amendments to the Articles of Association are executed.