APPROVED by the decision
of the annual General meeting
of shareholders
of Joint Stock Company
SYSTEMA HALS
Minutes No 22 as of June 28, 2011

OPEN JOINT STOCK COMPANY HALS-DEVELOPMENT
REGULATIONS ON THE PRESIDENT

2011

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1. General Provisions

1.1. The present regulations on the President of the Open Joint Stock Company HALS-Development elaborted in accordance with the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies" and the Charter of the OJSC HALS-Development (hereinafter the "Company") determines the competence, the method of electing, acting and termination of powers of the Company President, as well as the order of his/her interaction with other management and controlling bodies of the Company.

1.2. The President is the sole executive body and performs the management of the Company's daily operations, organizers the execution of the decisions of the General meeting of shareholders and the Company's Board of directors. The President is not entitled to be Chairman of the Board of directors simultaneously and is not entitled to be the Company's Auditor (a member of the Audit commission).

2. The President's Competence, Rights and Obligations

2.1. In his/her activity the Company President shall be governed by the current Legislation of the Russian Federation including, the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation, the Charter of the Company, the present Regulations, the decisions of the General meetings of shareholders and those of the Company's Board of directors.

Performing his/her powers the President shall be governed by the interests of the Company, perform his/her rights and obligations in relation to the Company reasonably and in good faith and be governed by the following guidelines:

- observe the current legislation;
- observe and protect the rights of shareholders, namely, the right to participation in the management of the company's activities, to receive dividends and accurate information about the Company;
- observe the principles of corporate management.

2.2. The President without the Power of Attorney acts on behalf of the Company, represents the Company's interests in dealing with state authorities and local government administration, with all organizations of any legal form of organization both in the Russian Federation and abroad.

2.3. The President's competence includes all issues of managing the current activity, excluding the issues within the competence of the General meeting of shareholders, the Board of directors and the Company's board.

Namely, the President's competence shall include the following:

2.3.1. Execution of operational management of the Company's activities;

2.3.2. Signing of the Company's financial documents with the right of first signature;

2.3.3. Disposal of the Company's property with a view to ensuring its daily operations within the limits set forth by the Charter;

2.3.4. Representation of the Company's interests both in the Russian Federation and abroad;

2.3.5. Approval of the Company's structure, staff schedule and regulations on the Company's structural subdivisions, conclusion of labor contracts with the Company's employees, offering employees incentives and imposing penalties on employees;

2.3.6. Execution of the functions of Chairman of the Company's Board and organization of the Board's activity;

2.3.7. Submitting to the Board of Directors personal composition of the Board for approval;

2.3.8. Making transactions on behalf of the Company, issuing powers of attorney on behalf of the Company, opening bank accounts of the Company;

2.3.9. Organization of bank accountancy, the Company's accountancy and document flow in the Company;

2.3.10. Issuing binding orders and instructions;

2.3.11. Submitting claims and bringing action on behalf of the Company against legal entities and individual persons both in the Russian Federation and abroad;
2.3.12. Representation of the Company at General meetings of shareholders (members) of its affiliates, as well as other organizations with the participation of the Company and voting on all agenda items of such meetings;
2.3.13. Approval of the Company's internal documents regulating the questions of day to day operations of the Company, excluding the internal documents whose approval according to the Charter is within the competence of other management bodies of the Company;
2.4. On behalf of the Company the Chairman of the Board of directors or any other person indicated in the decision of the Company's Board of directors shall conclude a labor agreement with the President. The labor agreement shall be deemed concluded with the President from the moment of his/her actual admission to work having a written proxy of the Company. The Chairman of the Board of directors of the Company has the right to sign such a proxy. In this case the labor agreement with the Company President shall be concluded in written form not later than 3 business days from the day of actual admission of the President to work.
2.5. The labor agreement concluded with the President shall stipulate:

- the President's rights and obligations;
- the term of the labor agreement;
- additional reasons for the termination of the labor agreement including early termination of powers of the Company President pursuant to the initiative of the Board of directors and compensation to the President whose powers are terminated earlier provided there have been no wrongful acts (inaction) on his/her part;
- the amount and order of payment for the President's activity;
- the length of the President's leave, its periodicity and order of granting;
- the President's responsibilities;
- regulations on non-disclosure of business and commercial secret;
- regulations on full material accountability;
- the order of compensating the Company for losses arising out of the President's excess of his/her powers;
- other issues entered into the labor agreement pursuant to the agreement of the parties.

2.6. The Company President has the right of first signature of financial documents. The President may assign the settlement of certain issues which are within his/her competence to the Company's officials, heads of affiliates, representatives, other separate divisions, as well as other authorized persons.
2.7. During the Company President's leave or his/her short-term absence for other reasons a person discharging the President's responsibilities shall be appointed by the order of the President.
The person discharging the President's responsibilities is entitled to act on behalf of the Company only on the basis of a power of attorney.
2.8. In accordance with the current Legislation of the Russian Federation the Company President is liable for improper execution of his/her responsibilities and for losses inflicted to the Company through his/her fault.
2.9. The Company President is obliged:

- to timely raise issues before the Board of directors of the necessity to adopt or the impossibility to adopt this or that decision which are in accordance with the Company's Charter within the competence of the Board of directors or of the General meeting of shareholders;
- to account to the Board of directors, the General meeting of shareholders for his/her activity;
- to provide confidentiality of information which becomes available to him/her in the course of performing his/her duties;
- not to use insider information for personal purposes, not to transfer insider information to third persons, not to transact using insider information;

- to inform the Company's Board of directors on the number of the Company's, its sub-companies and affiliated companies' securities owned by him/her, on his/her intention to transact with the Company's shares, as well as on the fact of acquisition (carve-out) of such shares;
- to timely familiarize himself/herself with the content of the Company's internal regulatory documents and comply with their requirements;
- to inform the Company about the legal persons in relation to whom he/she possesses (whether alone or together with their affiliated persons) 20 or more percent of voting shares (equity interest), about the legal persons in whose management bodies he/she holds offices, as well as about current or proposed transactions in which he/she may be deemed interested.

2.10. While exercising his/her rights and performing his/her obligations the Company President shall act in the interests of the Company, exercise his/her rights and perform obligations in relation to the Company in a responsible manner and in good faith.
2.11. Complaints about the actions of the Company President may be submitted for consideration of the Board of directors. The Board of directors while considering a submitted complaint has the right to demand from the Company President necessary explanations and to take a decision in accordance with their competence.
2.12. The person executing the functions of the Company President shall be allowed to combine the positions in management bodies of other organizations only with the consent of the Company's Board of directors.

3. Method of Electing the Company President and Termination of Powers

3.1. The President shall be elected by the Board of directors by a simple majority of votes. The President's term of duty shall be determined by the decision of the Board of directors but it can not exceed three years. The President may be elected from among the shareholders or any other person may be elected as President who in the view of the majority of the members of the Board of directors has the necessary business and professional qualities and experience.
3.2 The Board of directors has the right at any time to terminate early the powers of the President and to adopt a decision to elect a new Company President. In case of early termination by the Board of directors of the powers of the President, provided there has been no guilty activity (inactivity) on his/her part, the President shall be paid compensation the amount of which shall be determined by a labor agreement.
3.3 The President may be reelected an indefinite number of times. Candidates for election for the post of President shall be nominated in the order stipulated by the Federal Law "On Joint Stock Companies" and the Company's Charter.

4. The Company President's Accountability and Relations with Other Bodies of the Company

4.1. The Board of directors is entitled at any time to require from the Company President to submit information, reports, plans, explanations on any issue relating to the Company's business in general or to any specific sphere, to the Company's business contacts, to the situation within organizations in which the Company is interested.
4.2. The Company President shall be accountable to the General meeting of shareholders and the Board of directors and shall arrange the execution of their decisions. The decisions of the General meeting of shareholders and the Board of directors are binding on the Company President.
4.3. Control over the Company President's activity in executing the decisions of the General meeting of shareholders shall be accomplished by the Company's Board of directors.
4.4. At the request of an Auditor (an Audit commission) of the Company the President undertakes to submit documents on the Company's financial and business activity.