



Annex 20

A MODEL BY-LAW ON DIVIDENDS

APPROVED

By decision of the Supervisory Board
of the Open Joint-Stock Company

«_____»

Minutes No. _____

of _____ 200_

Signature of the Chairman of the Supervisory Board

dated this __day of _____, 200_

[The Company's Seal]



BY-LAW ON DIVIDENDS

of the Open Joint Stock Company

«_____»

The city of _____,
_____, 200_



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Article 1. General Provisions

- 1.1. This By-law on Dividend Policy (hereinafter the By-law) of the Open Joint Stock Company «_____» (hereinafter the Company) has been developed in accordance with applicable provisions of the laws of the Russian Federation (hereinafter the Law), the Company charter, and other internal documents, as well as the recommendations of the Federal Commission for the Securities Market's Code of Corporate Conduct (hereinafter the FCSM Code).
- 1.2. The By-law shall define the Company's policy and procedures regarding matters of calculating, declaring, setting the amount of, determining the form and the time periods for the payment of dividends.
- 1.3. The Company sets forth to declare and pay dividends based on its _____ results.¹⁶⁴
- 1.4. The Company sets forth to utilize ___% of its net profits as dividends, which will permit the company to retain sufficient capital to provide for future growth.
- 1.5. The Company seeks to provide for a stable and dependable dividend policy on a year-by-year basis, and sets forth to communicate any deviation.
- 1.6. The Company sets forth to pay its dividends in cash.

¹⁶⁴ The company may choose to have a policy of annual and/or interim dividends, which can be paid on a quarterly or semi-annual basis, and annual dividends that are paid annually.

Article 2. Declaring Dividends

- 2.1. The decision to declare and pay dividends, including the decision as to the amount and the procedure for making such payment regarding shares of each type and class, shall be made by the General Meeting of Shareholders (hereinafter GMS) upon the recommendation of the Supervisory Board.
- 2.2. The decision on whether to declare and pay dividends shall be a separate agenda item at the GMS.
- 2.3. The decision as to the amount of dividends and the procedure for their payment, shall be made by the Supervisory Board at a meeting where the preliminary distribution of the Company's net profit for the fiscal year is approved by directors, and recommended to the GMS.
- 2.4. Any declaration to pay dividends must provide the following:
 - 2.4.1. The type and class of shares on which the dividends have been declared;
 - 2.4.2. The amount of dividends per share of each type and class;
 - 2.4.3. The period for payment; and
 - 2.4.4. The form of payment.
- 2.5. The decision to declare dividends on common shares may be made only after a decision has been made to declare dividends on all classes of preferred shares and in the full amount as determined in the charter.
- 2.6. If the Company has several classes of outstanding preferred shares, then, regardless of the source of payment as set forth in Clauses 3.1 and 3.2 hereof, the decision to declare dividends on preferred shares shall be made in the order of priority set forth in the charter.
- 2.7. The Company must declare dividends on preferred shares in their order of priority set by the charter.
- 2.8. The Company does not have the right to declare dividends:
 - 2.8.1. Until the entire charter capital of the Company has been fully paid;
 - 2.8.2. Until a redemption of all those shares which must be redeemed pursuant to Article 76 of the Law on Joint Stock Companies has occurred;
 - 2.8.3. If, as of the date of such decision, the Company is insolvent or bankrupt pursuant to the provisions of the insolvency (bankruptcy) laws, or if, as a result of paying dividends, the Company would be rendered insolvent or bankrupt;

- 2.8.4. If, as of the date of such decision, the net asset value of the Company is less than its charter capital, reserve fund, and the excess of the liquidation value over the nominal value of the outstanding preferred shares as set forth in the charter, or if the net asset value will be less than such amount as a result of such decision; and
- 2.8.5. In any other case set forth by the Law.

Article 3. Sources for and the Amount of Dividends

- 3.1. Dividends shall be paid out of the Company's net profit, and shall be allocated among shareholders on a pro rata basis according to the number of shares of each type and class each shareholder owns.
- 3.2. Dividends on preferred shares may be paid out of the Company's funds specifically designated for this purpose.
- 3.3. The amount of dividends on common shares is determined upon recommendation of the Supervisory Board as provided in the By-law and may not exceed the amount so recommended.
- 3.4. The amount of dividends on one common share shall be equal to the total amount of dividends to be paid divided by the total number of the Company's common shares on which dividends may be payable pursuant to the Law.
- 3.5. The amount of dividends on preferred shares is determined pursuant to the Law and the Company charter.
- 3.6. The amount of dividends for one preferred share of a particular class shall be equal to the total amount of dividends divided by the total number of the preferred shares of this class on which dividends are paid.
- 3.7. Dividends shall be declared gross of the taxes payable by shareholders.

Article 4. Persons Entitled to Receive Dividends

- 4.1. The list of persons entitled to receive dividends shall be prepared by the Company's External Registrar according to the instructions of the Company.
- 4.2. The list of persons entitled to receive dividends shall be prepared as of the record date on which the list of persons entitled to participate in the GMS at which the decision to declare dividends is to be considered.
- 4.3. Such list shall include registered shareholders (except nominal shareholders), and the persons on behalf of whom the nominal holder owns the shares as of the record date.

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- 4.4. For the preparation of the list of persons entitled to receive dividends, nominal shareholders shall provide information on the persons for whom they hold shares.
- 4.5. Shares of the Company which underlie derivative securities and depositary receipts grant their holders the right to receive dividends in full as provided by the decision to issue those shares and the Company's charter.

Article 5. Paying Declared Dividends

- 5.1. The date on which annual dividends are paid shall be determined by the Company charter.¹⁶⁵
- 5.2. The Company shall continue making payments of declared dividends as to those shares for which the owners have not received the accrued dividends, or for which they have not claimed the dividends within the period defined pursuant to Clause 5.1 hereof.
- 5.3. No interest shall accrue on unclaimed dividends.
- 5.4. The Company is responsible for paying all declared dividends. Accordingly, the Company shall be liable to its shareholders for the failure to discharge this duty, pursuant to the Law.
- 5.5. The preparation, coordination, and all arrangements required from the Company in connection with the payment of dividends set forth herein shall be the responsibility of a department of the Company, _____, the functions of which include relations with shareholders.
- 5.6. The Company shall notify its shareholders of the time, form, place, and procedure for the payment of dividends by publication of such information in the print media specified in the Company charter for notification of shareholders of the GMS and/or by distribution of notices by mail to the addresses set forth in the shareholder register.
- 5.7. Any shareholder may submit a request to the Company to be included in the list of persons entitled to receive dividends and information regarding the procedure for the calculation of dividends, the procedure for taxation, and payment terms.

¹⁶⁵ If the company charter does not establish the date for the payment of dividends, then payment shall be made no later than 60 days following the date of the decision to pay annual dividends.

- 5.8. The Company shall provide the shareholder with a response to such request within ____ days after reception.
- 5.9. For the purposes of organizing and completing the payment of dividends, the Company shall have the right to engage an outside entity, a “Payment Agent,” on a contractual basis. However, such arrangement shall not release the Company from liability to shareholders for the payment of dividends.
- 5.10. The Company is obligated to inform shareholders of its use of a Payment Agent, including their replacement, if any, and the expiration of the term of their authority by way of publication of such information in the print media established in the Company charter for notification of shareholders of the GMS and/or by distribution of notices by mail to the addresses set forth in the list of persons entitled to receive dividends.
- 5.11. The Company shall be a tax agent for the purposes of payment of income to the shareholders for the shares owned by them. The Company shall perform the necessary calculations and deduct taxes on dividends in accordance with the procedures and within the period required by the Law.
- 5.12. The Company does not have the right to pay declared dividends on shares in the following cases:
 - 5.12.1. If, on the date of the decision, the Company is insolvent or bankrupt pursuant to the provisions of the insolvency or bankruptcy laws, or if, as a result of paying dividends, the Company would be rendered insolvent or bankrupt;
 - 5.12.2. If, as of the date of payment, the net asset value of the Company is less than its charter capital, reserve fund, and the excess of the liquidation value over the nominal value of the outstanding preferred shares as set forth in the charter, or if the net asset value will be less than such amount as a result of such decision; and
 - 5.12.3. In any other cases set forth by the Law.
- 5.13. Upon termination of those circumstances set forth in Clause 5.12 hereof which precluded the payment of dividends, the Company shall, within a reasonable period of time and according to the Law, pay to shareholders the dividends so declared.
- 5.14. Any matters relating to the payment of dividends and not governed by the Law, the Company’s charter, and the By-law, shall be resolved in a manner which takes into consideration and complies with the rights and legitimate shareholder interests.