

Part 3

Shareholder Rights



Annex 19

A MODEL BY-LAW

FOR THE GENERAL MEETING OF SHAREHOLDERS

Approved

by the General Meeting of Shareholders
of the Open Joint Stock Company «_____»

Minutes of the [Annual or Extraordinary]
General Meeting of Shareholders

No. _____

of _____ 200_

dated this __day of _____, 200_

[The Company's Seal]

BY-LAW FOR THE GENERAL MEETING OF SHAREHOLDERS

of the Open Joint Stock Company
«_____»

The city of _____
_____, 200_



Table of Contents

ARTICLE 1.	GENERAL PROVISIONS	204
ARTICLE 2.	THE AUTHORITY OF THE GENERAL MEETING OF SHAREHOLDERS	205
ARTICLE 3.	PROPOSALS TO THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS.....	207
ARTICLE 4.	THE ANNUAL GENERAL MEETING OF SHAREHOLDERS	210
ARTICLE 5.	THE CALLING OF AND PREPARING FOR THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS.....	217
ARTICLE 6.	THE GENERAL MEETING OF SHAREHOLDERS CONDUCTED IN THE FORM OF JOINT ATTENDANCE.....	218
ARTICLE 7.	THE GENERAL MEETING OF SHAREHOLDERS CONDUCTED IN THE FORM OF ABSENTEE VOTING	222
ARTICLE 8.	PROCEDURES FOR MAKING DECISIONS AND KEEPING DOCUMENTS.....	223

Article 1. General Provisions

- 1.1. This By-law for the General Meeting of Shareholders (hereinafter the By-law) of the Open Joint Stock Company «_____» (hereinafter the Company) has been developed in accordance with the legislation of the Russian Federation (hereinafter the Law), the Company charter, and the recommendations of the Federal Commission for the Securities Market's Code of Corporate Conduct (hereinafter the FCSM Code).
- 1.2. The By-law will become effective from the moment it is approved and shall apply to every General Meeting of Shareholders (hereinafter the GMS) following the GMS that approved the By-law.
- 1.3. The By-law shall regulate the authorities, procedures for calling, preparing, and conducting the GMS, procedures for electing its working bodies, as well as other related issues.
- 1.4. The GMS is the highest governing body of the Company.
- 1.5. Decisions of the GMS may be taken:

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 1.5.1. In the form of joint attendance of shareholders for discussing the agenda items and making decisions on issues put to vote with the circulation (delivery) of voting ballots prior to conducting the GMS; or
 - 1.5.2. By written consent (without the joint attendance of shareholders for discussing the agenda items and making decisions on issues put to vote).
- 1.6. The Company shall conduct an Annual General Meeting of Shareholders (hereinafter AGM). The AGM shall be held between _____ and _____ *[the dates selected should be sometime between March 1-st and June 30-th]*.¹⁴⁴
- 1.7. The AGM may only be held in the form of joint attendance of shareholders.

Article 2. The Authority of the General Meeting of Shareholders

- 2.1. The following issues shall fall within the competence of the GMS:¹⁴⁵
- 2.1.1. Amending the charter of the Company and approving the new version of the charter;
 - 2.1.2. Reorganizing the Company;
 - 2.1.3. Liquidating the Company and appointing the Liquidation Commission;
 - 2.1.4. Approving the interim and final liquidation balance sheets;
 - 2.1.5. Determining the number of Supervisory Board members, and/or electing and terminating the powers of directors prior to the expiration of its term;
 - 2.1.6. Approving the remuneration and compensation payable to directors;
 - 2.1.7. Delegating the powers of the General Director to an External Manager and terminating their powers prior to the expiration of their term of office;
 - 2.1.8. Electing Revision Commission members and terminating their powers prior to the expiration of their term of office;

¹⁴⁴ The general timeframe for conducting the GMS is set by the Law on Joint Stock Companies (LJSC), Article 47, Clause 1. The Company may set other dates for conducting the AGM, but only within the timeframe provided by the Law.

¹⁴⁵ This article includes an exhaustive list of powers of the GMS.

- 2.1.9. Approving the remuneration of Revision Commission members;
- 2.1.10. Approving the annual report, the annual financial statements, including, but not limited to, the profit and loss statement (profit and loss accounts) of the Company,¹⁴⁶ as well as distributing the profits (including the declaration and payment of dividends, except as to the quarterly results) and losses of the Company in accordance with the results of the financial year;
- 2.1.11. Declaring and paying dividends according to the results of the first, second, and third quarter results of the financial year;
- 2.1.12. Approving the Company's External Auditor;
- 2.1.13. Electing Counting Commission members and terminating their powers prior to the expiration of their term of office;
- 2.1.14. Defining the number of Counting Commission members;
- 2.1.15. Delegating the functions of the Counting Commission to a specialized organization;
- 2.1.16. Approving by-laws for the GMS, the Supervisory Board, and the executive bodies;
- 2.1.17. Approving the internal regulation for the Revision Commission;
- 2.1.18. Increasing the charter capital by means of increasing the nominal value of shares, or by means of issuing additional shares;¹⁴⁷
- 2.1.19. Fixing the number, nominal value, category (class) of authorized shares, and the rights associated with such shares;
- 2.1.20. Decreasing the charter capital;
- 2.1.21. Splitting and consolidating shares;
- 2.1.22. Approving related party transactions, as set forth by the Law;
- 2.1.23. Approving extraordinary as set forth by the Law;
- 2.1.24. Approving the reimbursement of expenses to persons who conducted the GMS at their initiative when the Supervisory Board either failed or refused to call the Extraordinary General Meeting of Shareholders (EGM) at their request;
- 2.1.25. Buyback by the Company of its issued shares;

¹⁴⁶ Other financial statements include the balance sheet, the cash flow statement, the statement of changes in owners' equity, notes and explanations to the financial statements, and management's discussion and analysis.

¹⁴⁷ This power may be delegated to the Supervisory Board.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 2.1.26. Waiving the obligation to make a mandatory bid during control transactions;
 - 2.1.27. Issuing and placing convertible bonds;¹⁴⁸
 - 2.1.28. Issuing and placing shares and other convertible securities by closed subscription;
 - 2.1.29. Approving the list of additional documents to be kept by the Company;
 - 2.1.30. Approving the participation in holding companies, financial and industrial groups, and other groupings of commercial organizations;
 - 2.1.31. Requesting an extraordinary audit of the financial and business operations of the Company by the Revision Commission.
- 2.2. Issues falling within the authority of the GMS may not be delegated to the executive bodies.

Article 3. Proposals to the Agenda of the Annual General Meeting of Shareholders

- 3.1. Shareholder proposals may be made by a shareholder (or group of shareholders) owning at least 2% of voting shares. The number of voting shares owned by the shareholder(s) making a proposal to the agenda of the GMS shall be determined at the date of such proposal. The date of the proposal shall be established in accordance with the requirements for preparing, calling, and conducting the GMS as established by the FCSM.
- 3.2. Shareholder proposals, including proposals on candidates for election to the Supervisory Board¹⁴⁹ and the Revision Commission, must be received by the Company within 30 days after the end of the financial year.¹⁵⁰
- 3.3. The number of candidates a shareholder (or groups of shareholders) can nominate to the respective governing bodies of the Company may not exceed the number of members to be elected.
- 3.4. Shareholder proposals must contain the exact wording of the issue as it will appear on the agenda. The proposal may also contain the text of the decision on the issue.

¹⁴⁸ This power may be delegated to the Supervisory Board.

¹⁴⁹ If, pursuant to the charter, the executive bodies are elected by the Supervisory Board.

¹⁵⁰ The Company Law allows setting a later date (see, LJSC, Article 53, Clause 1).

The Russia Corporate Governance Manual

- 3.5. Proposals on agenda items of the AGM may be made by:
- 3.5.1. Registered mail to the following address: _____
_____, to the attention of _____ [*specify name and title of the person responsible for receipt of proposals*];
 - 3.5.2. Personal delivery with confirmation of receipt to _____
____ [*the Secretary of the Supervisory Board or the Corporate Secretary, or such other person who has been authorized to receive written correspondence addressed to the Company.*]
- 3.6. Proposals on agenda items and the nomination of candidates shall be signed by the shareholder(s). If a proposal on any agenda item is signed by a proxy, a power of attorney (or a duly authenticated copy of the power of attorney) containing all the data required by law must be attached to the proposal.
- 3.7. Proposals on agenda items and the nomination of candidates shall be made in writing and shall state:
- 3.7.1. The name of the shareholder(s) submitting the proposal;
 - 3.7.2. The number and category (class) of shares owned;
 - 3.7.3. _____; and
 - 3.7.4. _____.
- 3.8. Proposals on the nomination of candidates to the governing bodies of the Company shall contain the following information:
- 3.8.1. The full name and date of birth of each candidate;
 - 3.8.2. Professional experience, current employment, positions held over the past ____ years, and positions held in the governing bodies of other legal entities over the past ____ years;¹⁵¹
 - 3.8.3. Educational background, including any continuous professional education (name of educational institution, date of graduation, qualification);
 - 3.8.4. List of legal entities of which the candidate is a shareholder, stating the number of shares (interest) in the charter capital of such legal entities;

¹⁵¹ The FCSM Code, Chapter 3, Section 2.3.1 recommends five years.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 3.8.5. List of persons with whom the candidate is affiliated, specifying the nature of affiliation;¹⁵²
 - 3.8.6. Name of the body for which the candidate is being nominated;
 - 3.8.7. _____;
 - 3.8.8. _____; and
 - 3.8.9. Other information material to the election of the candidate as a member of such body.
- 3.9. Shareholder proposals shall also contain the written consent of the candidate to stand for election to the governing body, and information on whether the candidate is considered independent as defined by the Company charter.
 - 3.10. The Supervisory Board shall review the proposals and make a decision either accepting or rejecting them within five days after the end of the period set forth in Clause 2.2 hereof. The Supervisory Board may not change the proposed wording of the agenda items or the decision thereon.
 - 3.11. Any decision of the Supervisory Board to deny inclusion of the proposed items to the agenda, or to include the proposed candidate into the list of candidates for election to a governing body, shall be sent to the shareholder(s) who submitted the proposal within three days after the decision was made.
 - 3.12. The Supervisory Board is required to include the items proposed by the shareholder(s) to the agenda of the GMS, and include the proposed candidate in the list of candidates for election to a governing body, unless:
 - 3.12.1. The shareholder(s) failed to submit the proposal within the time-frame, as set forth in Clause 3.2 hereof;
 - 3.12.2. The shareholder(s) does not own a sufficient number of voting shares, as set forth in Clause 3.1 hereof;
 - 3.12.3. The proposal does not meet the requirements set forth in Clauses 3.6, 3.7, and 3.8 hereof;
 - 3.12.4. The issue proposed for the agenda does not fall within the scope of authority of the GMS and/or does not meet the requirements of the Law.
 - 3.13. In addition to agenda items proposed by the shareholders, or in the absence of such proposals, or if an insufficient number of candidates have been

¹⁵² See the definition of an affiliated party in the Law on Competition and Restriction of Monopolistic Operations in the Commodity Markets, Article 4.

nominated for election to the governing bodies of the Company, the Supervisory Board shall have the right to include items on the agenda or include candidates into the list of candidates at its own discretion.

- 3.14. The agenda shall include the following items:
 - 3.14.1. Election of the Supervisory Board;
 - 3.14.2. Election of the Revision Commission;
 - 3.14.3. Approval of the External Auditor; and
 - 3.14.4. Approval of the annual report, annual financial statements, including, but not limited to, the profit and loss statement (profit and loss account), as well as distribution of profit, including dividend payments, and losses of the Company based upon the results of the financial year.

Article 4. The Annual General Meeting of Shareholders

- 4.1. While preparing for the AGM, the Supervisory Board shall define:
 - 4.1.1. The form of the GMS (the AGM shall only be held in the form of joint attendance);
 - 4.1.2. The date, place, and time of the AGM, the time for the beginning and end of the registration of shareholders, and the mailing address to which completed voting ballots must be sent;
 - 4.1.3. The record date for the AGM;
 - 4.1.4. The agenda of the AGM;
 - 4.1.5. The procedures for notifying shareholders about the AGM;
 - 4.1.6. The list of information and materials to be made available to shareholders during the preparation for the AGM, and the procedures for providing access to such information;
 - 4.1.7. The form and the text of the voting ballot; and
 - 4.1.8. The class(es) of preferred shares, the owners of which have the right to vote on each agenda item.
- 4.2. The shareholder list shall be drafted based on the data contained in the shareholder register.¹⁵³

¹⁵³ The shareholder register of the company shall be kept by the External Registrar — a stock market professional. Information on the Registrar shall be published in accordance with the Law and by-laws of the company.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 4.3. Each nominal holder of the Company's shares shall provide the External Registrar of the Company with information regarding persons in whose interests the shares are being held as of the record date.
- 4.4. The power of attorney authorizing such nominal holder or a third party to participate in the GMS may be submitted in advance.
- 4.5. The shareholder list shall include:
 - 4.5.1. Shareholders who are the owners of common shares;
 - 4.5.2. Shareholders who are the owners of preferred shares of a certain class, for which the amount of dividends is fixed by the charter, in cases where the previous AGM made a decision not to pay dividends on preferred shares of that class, regardless of the reason for such decision, or made a decision to pay only a portion of the dividends on preferred shares of that class;
 - 4.5.3. Shareholders who are the owners of preferred shares if the agenda of the AGM includes the reorganization or liquidation of the Company;
 - 4.5.4. Shareholders who are the owners of preferred shares of a certain class, if the agenda of the AGM includes the approval of changes or amendments to the charter (approval of a new version of the charter), restricting the rights of shareholders who are the owners of this particular class of preferred shares, as well as making decisions that, pursuant to the Law, would require changes or amendments to the charter that may restrict the rights of such shareholders; and
 - 4.5.5. Other persons as may be provided for by the Law.
- 4.6. If shares are owned by unit investment trusts, the shareholder list shall include the managing companies of such unit investment trusts.
- 4.7. If shares are managed on behalf of the Company by another entity, the shareholder list shall include the trustees of such entity, unless no trustee voting rights are associated with such shares.
- 4.8. The shareholder list shall include the following information:
 - 4.8.1. The full legal name of the person;
 - 4.8.2. The type, number, date, and place of issue of the personal identification document, the issuing body (number of state registration, name of the registration body, and date of registration);
 - 4.8.3. The place of residence or registration (location);

The Russia Corporate Governance Manual

- 4.8.4. The address to which correspondences may be sent (mailing address); and
- 4.8.5. The number, types, and classes of shares.
- 4.9. The record date shall be set by the Supervisory Board, and shall not be earlier than the date of making the decision to convene the AGM, and not later than 65 days prior to the date set for conducting the AGM.¹⁵⁴
- 4.10. Only persons included in the shareholder list shall have the right to participate in the AGM. Any other person may attend the GMS, subject to the permission of the Chairman of the GMS, but do not have the right to vote.
- 4.11. The shareholder list shall be made available at the Company's location by _____ [*person/body responsible for providing access to the list*] to persons requesting to review the list to determine if they are included in the list and own at least 1% of the votes. The details of the identification documents and the mailing addresses of individuals included in the list shall not be disclosed without their consent.
- 4.12. If shares are transferred after the record date and prior to the date of the GMS, the person transferring the shares and included in the list shall:
 - 4.12.1. Issue a proxy to the new owner of the shares; or
 - 4.12.2. Vote at the GMS in accordance with the instructions of the new owner.
- 4.13. The aforementioned rule shall apply to all subsequent transfers of the shares.
- 4.14. If the shares so transferred after the record date are transferred to two or more new owners, the person included in the list of shareholders of record shall:
 - 4.14.1. Vote at the GMS in accordance with the instructions of each of the new owners; and/or
 - 4.14.2. Issue a proxy to each of the new owners, stating in the proxy the number of votes associated with such shares.
- 4.15. In case the instructions of the new owners coincide, their votes may be added up. In case the instructions of the new owners in respect of voting on the same agenda item do not coincide, the person entitled to participate in the meeting shall vote on such an issue in accordance with the instruc-

¹⁵⁴ This period of time is required because the Supervisory Board is elected by cumulative voting (LJSC, Article 51, Clause 1, Paragraph 2).

Annex 19. A Model By-Law for the General Meeting of Shareholders

tions in proportion to the number of votes associated with the shares belonging to each new owner.

- 4.16. If a person entitled to participate in the GMS has issued proxies for shares transferred after the record date, the new owners of such shares shall be registered for and are entitled to receive voting ballots and participate in the GMS.
- 4.17. The Company shall, at the request of any interested person and within three days after the receipt off such request, provide an extract from the shareholder list, containing information about such person, or information that such person was not included in the shareholder list.
- 4.18. Any changes to the shareholder list may only be made in case of a restitution of rights of persons who were not included in the list at the date it was made, or to correct mistakes that have been made therein.
- 4.19. The notice for the AGM shall be made _____ days (and, if the agenda contains items on the reorganization of the Company, _____ days) before conducting the GMS.¹⁵⁵
- 4.20. The notice on the GMS shall be published in the following print media:
 - 4.20.1. “ _____ ”; and
 - 4.20.2. “ _____ ”.
- 4.21. In addition to such publication and pursuant to a decision of the Supervisory Board, the notice on the GMS, together with the voting ballots, may be sent to each of the shareholders included in the shareholder list, or delivered to such persons with confirmation of receipt. Additionally, the Company shall have the right to inform the shareholders of the GMS via other mass media (TV, radio), as well as the internet.
- 4.22. The GMS notice shall contain the following information:
 - 4.22.1. Full name and location of the Company;
 - 4.22.2. Form of the AGM (only joint attendance);
 - 4.22.3. Date, place, and time of the AGM, the time and place set for the registration of shareholders or, in case of an EGM by absentee vote, the final date for acceptance of the completed voting ballots;
 - 4.22.4. Mailing address to which the completed voting ballots must be sent;

¹⁵⁵ According to the LJSC, Article 52, Clause 1, the AGM notice must be made not later than 20 days, and if the agenda of the GMS contains items on the reorganization of the company, not later than 30 days prior to conducting the GMS.

- 4.22.5. Record date;
 - 4.22.6. Agenda; and
 - 4.22.7. Procedures for reviewing the information and materials to be made available in preparation for the AGM, and the address(es) where such information may be obtained.
- 4.23. Shareholders who are included in the list of persons having preemptive rights to purchase additional shares compiled from the data from the shareholder register on the date of the decision on the placement of additional shares, shall be notified of the possibility to exercise such preemptive rights by registered mail, as well as via publication of such information in “_____”.
- 4.24. The information and materials to be made available during the preparation for the GMS to persons entitled to participate in the GMS shall include the following:
- 4.24.1. The annual report and full set of financial statements, including the report of the Revision Commission and External Auditor;
 - 4.24.2. Information about the candidate(s) for election to the Supervisory Board, the Revision Commission, as well as information on the availability of any written consent of the candidates to stand for election to such bodies;
 - 4.24.3. The recommendations of the Supervisory Board on the distribution of profits, including the amount and procedures for payment of dividends on Company shares, and on the distribution of losses of the Company, based on the results of the financial year;
 - 4.24.4. Draft changes and amendments to the charter, or the draft of any new version of the charter, and draft by-laws of the Company; and
 - 4.24.5. Draft decisions of the GMS and other material information.
- 4.25. Additional information or materials to be made available during the preparation for the GMS to persons entitled to participate in the GMS, and the agenda of such GMS, if containing items which may trigger the right to demand redemption of the Company’s shares, shall include the following:
- 4.25.1. The report of an Independent Appraiser on the market price of those shares in which shareholders have a right of redemption;
 - 4.25.2. Calculation of the net asset value of the Company according to the Company’s books for the last complete reporting period;

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 4.25.3. Minutes (or an extract from the minutes) of the Supervisory Board meeting where a decision was made on the redemption price for shares, stating the price at which the shares were to be redeemed;
 - 4.25.4. _____; and
 - 4.25.5. _____.
- 4.26. If the agenda contains items on the reorganization of the Company, the persons entitled to participate in the GMS shall receive the following information and materials:
- 4.26.1. Explanation of the terms and conditions for reorganization in accordance with the decision of an authorized body;
 - 4.26.2. Annual reports and annual accounting statements of all of the companies participating in the reorganization for three completed financial years preceding the date of the GMS, or for each completed financial year as of the moment of the company's formation, if the company has been operating for less than three years;
 - 4.26.3. Quarterly financial statements for all of the companies participating in the reorganization, for the last completed quarter preceding the date of the GMS;
 - 4.26.4. Drafts of the founding documents for all of the companies which will be established as a result of the reorganization; and
 - 4.26.5. A copy of the consolidation (merger) agreement and a copy of the decision on the split-up (spin-off) or transformation.
- 4.27. During the preparation for the GMS, access to the information and materials to be made available to those persons entitled to participate in the GMS shall be given to them at least 20 days prior to the GMS, and if the agenda of the GMS contains items on the reorganization, at least 30 days prior to the GMS.
- 4.28. During the preparation for the GMS, access to the information and materials to be made available to persons entitled to participate in the GMS shall be given to such persons at the office of the General Director, or at another address(es) specified in the notice of the GMS. The said information (materials) shall be made available to persons participating in the GMS during the GMS.
- 4.29. The Company shall, at the request of a person entitled to participate in the GMS, provide copies of the said documents within five days after the

- Company's receipt of the request. The fees charged for providing copies of the documents may not exceed the actual copy costs.
- 4.30. Voting on the items of the agenda shall be done using voting ballots.
 - 4.31. The voting ballot shall be sent or delivered with confirmation of receipt to each person entitled to participate in the GMS, at least 20 days before the GMS.
 - 4.32. The voting ballot shall contain the following information:
 - 4.32.1. Full name and location of the Company;
 - 4.32.2. Form of the GMS (only joint attendance in case of the AGM);
 - 4.32.3. Date, place, and time of the AGM, and mailing address to which the completed voting ballots must be sent;
 - 4.32.4. Wording of decisions on each issue (or the name of each candidate), the voting on which shall be made using such voting ballot;
 - 4.32.5. Voting options ("for," "against," or "abstain") on each item of the agenda;
 - 4.32.6. In the case of cumulative voting, a relevant note and an explanation of the nature of cumulative voting;
 - 4.32.7. If the ballot is to be used for cumulative voting to elect members of the Company's Supervisory Board, the voting options on this issue ("against," or "abstain") shall be provided once for each of the candidates. Such voting ballots shall have a space opposite the name of each candidate for entering the number of votes cast for such candidate;
 - 4.32.8. In case of cumulative voting, an instruction that a fractional vote may only be cast for one candidate;
 - 4.32.9. If voting in accordance with the instructions of persons who acquired the shares after the record date, or in accordance with the instructions of the depository security holders, the voting ballot shall have a space to complete the number of votes cast for each voting option, and contain an explanatory note that the votes were cast under the instructions of the new owners of the shares or depository receipt holders, and any other information required under applicable law; and
 - 4.32.10. A note that the voting ballot must be signed by the shareholder.
 - 4.33. If voting is by proxy, with the completed voting ballot to be sent to the Company's address, the ballot shall be accompanied by the power of attorney pursuant to which the holder thereof is acting on behalf of the shareholder.
 - 4.34. A shareholder who intends to personally attend the GMS or have his representative attend the GMS shall have with him (or ensure that his/her repre-

Annex 19. A Model By-Law for the General Meeting of Shareholders

- sentative has) the voting ballot received from the Company. If the voting at the GMS may be held by submission of completed voting ballots, the completed voting ballots sent to the mailing address of the Company, as set forth in the uniform state register of legal entities, or to the address set forth in the Company's charter, shall be deemed sent to a proper mailing address, regardless of whether or not such address was specified in the GMS notice.
- 4.35. If the voting at the AGM will be held in the form of joint attendance and may be effected by completed voting ballots sent to the Company, the voting ballots issued at the request of persons being registered for participation in the AGM and whose voting ballots were not received by the Company at least two days before the date of the Meeting, must be marked as ballot duplicates.
- 4.36. The issue of invalidating the voting ballots shall be regulated by the Law.

Article 5. The Calling of and Preparing for the Extraordinary General Meeting of Shareholders

- 5.1. Any GMS, other than the AGM, shall be an EGM.
- 5.2. An EGM may be held in the form of joint attendance of shareholders for discussing the agenda items and making decisions on issues put to vote with the circulation (delivery) of the voting ballots in advance of such GMS, or by absentee vote (without joint attendance of shareholders for the discussion of agenda items and making decisions on issues put to vote).
- 5.3. An EGM shall be called by the Supervisory Board on its own initiative or if required by law. It may also be called pursuant to the request of those persons specified in Clause 5.4. hereof. If the Supervisory Board fails to call the EGM at the request of such persons, or refuses to call such EGM, the EGM may be called by the persons requesting such EMS, in which case such persons shall have all the necessary authority to call and conduct the EGM.
- 5.4. The following persons shall have the right to request an EGM:
- 5.4.1. Shareholder(s) owning at least 10% of voting shares;
 - 5.4.2. The Revision Commission; or
 - 5.4.3. The External Auditor of the Company.
- 5.5. The number of voting shares owned by the shareholder(s) proposing an issue for inclusion on the agenda of the EGM shall be determined as of or on the date of such a request.

The Russia Corporate Governance Manual

- 5.6. The request for conducting an EGM shall contain the wording of the agenda items. The text of the request may also contain the wording of decisions on each of the proposed agenda items, as well as the proposed form of the GMS. If the request contains a nomination proposal, the provisions of Article 3 hereof shall apply.
- 5.7. If a shareholder requests the calling of an EGM, such request shall state the name(s) of the shareholder(s) requesting the EGM, and the number, type, and class of shares owned.
- 5.8. The request for calling an EGM shall be signed by the person(s) requesting the EGM. If the request for conducting an EGM is signed by a representative of the shareholder, such request shall be accompanied by a duly certified copy of a proxy containing the information required by applicable laws.
- 5.9. The Supervisory Board shall not have the right to make changes to the wording of the agenda items and decisions thereon, or change the proposed form of the EGM if called at the request of the Revision Commission, the External Auditor or shareholder(s) owning at least 10% of voting shares. The Supervisory Board shall not have the right to refuse to convene an EGM for any reason other than those specified in the By-law and law.
- 5.10. An EGM called at the request of the Revision Commission, the External Auditor, or shareholder(s) owning at least 10% of the voting shares shall be held within 40 days after the request is submitted.
- 5.11. An EGM, the agenda of which contains items on the election of Supervisory Board members, shall be held within 70 days of submitting the request.
- 5.12. Unless otherwise provided for by law, or dictated by the specific circumstances of the EGM, the procedures for calling and preparing for an EGM shall be regulated by the provisions of Articles 3 and 4 hereof.

Article 6. The General Meeting of Shareholders Conducted in the Form of Joint Attendance

- 6.1. Only persons included in the shareholder list, the persons to whom the rights of said persons were transferred pursuant to inheritance rights as estate or because of reorganization, or their representatives acting under proxy or the Law can participate in the GMS.
- 6.2. The registration of persons entitled to participate in the GMS shall be made on the day of the GMS. The registration shall begin at least ____ hour(s) before the GMS.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 6.3. Registration of persons participating in the GMS shall be made at the same address as the location for conducting the GMS.
- 6.4. Only persons included in the shareholder list may be registered for participation in the GMS upon presentation of their personal identification documents. Persons entitled to participate in the GMS whose voting ballots were received by the Company at least two days prior to the GMS (if voting on the agenda items can be effected by sending the completed voting ballots to the Company) do not need to be registered.
- 6.5. Registration of persons entitled to participate in the GMS shall be made subject to verification of their identity by means of comparing the data in the shareholder list with the data in the documents presented (submitted) by the said persons.
- 6.6. In the course of registration of persons entitled to participate in or attend the GMS, the Counting Commission shall keep the registration log.
- 6.7. The functions of the Counting Commission shall be performed by the External Registrar of the Company.
- 6.8. Shareholders (or their representatives) who have registered for participation in the GMS, and the shareholders (or their representatives) whose voting ballots were received by the Company at least two days prior to the GMS, shall be deemed to have participated in the GMS.
- 6.9. The following persons shall be entitled to attend the GMS:
 - 6.9.1. Persons included in the shareholder list and their authorized representatives;
 - 6.9.2. Executive Board members, the General Director, and the External Manager;
 - 6.9.3. Supervisory Board members;
 - 6.9.4. Members of the Revision Commission, the Counting Commission, and the External Auditor;
 - 6.9.5. Candidates for election to the governing bodies named in the voting ballots;
 - 6.9.6. _____; and
 - 6.9.7. Persons invited by the Chairman of the Supervisory Board or the General Director.¹⁵⁶

¹⁵⁶ Notably the company's stakeholders, for example, bondholders, company employees, or government officials.

- 6.10. Persons listed in sections 6.9.6 and 6.9.7 shall be admitted to the GMS only with the permission of the Chairman of the GMS.
- 6.11. A shareholder shall have a right to replace his representative or participate in the GMS in person, subject to a written notice to the Counting Commission or the Company by revocation (or otherwise replacing) of such representative's proxy before the beginning of the GMS.
- 6.12. The registration of persons entitled to participate in the GMS shall not end before the GMS completes the discussion of the last item on the agenda for which a quorum is required.
- 6.13. The GMS shall be deemed valid (to have a quorum) provided the shareholders who aggregately own more than 50% of voting shares participate in such GMS.
- 6.14. If there is an insufficient quorum at the beginning of the GMS with respect to all agenda items, the opening of the GMS shall be postponed for ____ hours. No further postponements are allowed.¹⁵⁷
- 6.15. If the agenda of the GMS includes items to be voted on by different groups of shareholders, the quorum in respect of such agenda items shall be established separately prior to the beginning of discussions of each such item.
- 6.16. If a quorum does not exist for any AGM, such AGM shall be rescheduled with the same agenda. In case there is no quorum for an EGM, the EGM may be rescheduled with the same agenda.
- 6.17. The decision regarding the date for conducting the rescheduled GMS shall be made by the body or person who made the original decision on conducting the GMS.
- 6.18. The GMS shall be held at the location of the company, or another location easily accessible to the majority of shareholders in the territory of the Russian Federation, as determined by the Supervisory Board of the Company.¹⁵⁸
- 6.19. The GMS may not be held at nighttime.
- 6.20. If it is not possible to conduct the GMS within one day, the Chairman of the GMS shall adjourn the Meeting until the morning of the next day.
- 6.21. The Chairman of the GMS shall conduct the GMS in accordance with the agenda, determine the order of reports and presentations, and sign the minutes of the GMS.

¹⁵⁷ The GMS may be postponed for a maximum of two hours.

¹⁵⁸ FCSM Resolution No. 17/ps, Section 2.9 allows companies to specify the location of the GMS in the charter or the by-law for the GMS.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 6.22. The Chairman of the Supervisory Board shall be the Chairman of the GMS, and in his absence, the GMS shall be chaired by one of the Supervisory Board members appointed by the Supervisory Board.¹⁵⁹
- 6.23. In case of the Supervisory Board's refusal to call and conduct an EGM, the persons who called the EGM shall have the right to appoint the Chairman of the EGM.
- 6.24. At the beginning of the GMS, the Head of the Counting Commission shall announce the results of the registration of persons participating in the GMS, the existence of a quorum for the GMS, and explain the voting procedures for the individual agenda items.
- 6.25. At the beginning of the GMS, its Chairman shall read the list of Supervisory Board members and members of the executive bodies present at the GMS, explain the procedures for participating in discussions and for making presentations, asking questions, and providing answers, and other material procedural details of conducting the GMS.
- 6.26. The Chairman of the GMS shall inform shareholders whether members of the current Supervisory Board and the candidates to the Supervisory Board meet independence criteria as set forth by the charter.
- 6.27. The GMS shall work continuously. Every ____ hours the Chairman of the GMS shall announce a break for not more than ____ minutes.
- 6.28. Every speaker on each separate issue put forth for voting shall be given ____ minutes [*sufficient time to present information necessary for making decisions on the issue*].
- 6.29. Every participant of the GMS shall be given _____ minutes to express his opinion on the agenda items to be voted upon.
- 6.30. The Chairman of the GMS shall ensure efficient discussion on agenda items, and prevent discussion of issues that are not to be voted on.
- 6.31. After completing the discussion of the last agenda item, the Chairman of the GMS shall explain the procedures for notifying shareholders about the decisions made and the voting results.
- 6.32. Voting at the GMS shall be made in accordance with the principle of one share — one vote, except for cumulative voting.
- 6.33. The persons who are officially registered for participation in the GMS shall have the right to vote on all agenda items from the moment the GMS is

¹⁵⁹ LJSC, Article 67, Clause 2 provides that other persons may act as the Chairman of the GMS if so provided under the charter.

opened until the moment it is officially adjourned, and if the voting results and decisions of the GMS are to be announced at the GMS, from the time the GMS is opened until the counting of votes cast on the agenda items begins. However, this rule does not apply to voting on procedural issues. After the completion of discussion of the last agenda item (the last item for which a quorum exists) and until the GMS is adjourned (beginning of counting of the votes), the persons who did not cast their votes until that moment shall be given time to cast their votes.

- 6.34. Only one voting option must be marked for each agenda item on the voting ballots. Those voting ballots completed in violation of this rule shall be considered null and void as to such agenda items.
- 6.35. Voting ballots considered void in respect of voting on one or several agenda items shall not be invalidated as a whole.
- 6.36. Unless otherwise provided for by the Law or mandated by the specific circumstances of conducting the EGM, the procedures for calling, preparing the EGM shall be regulated by provisions of Articles 5 and 6 hereof.

Article 7. The General Meeting of Shareholders Conducted in the Form of Absentee Voting

- 7.1. The GMS' decisions may be made without conducting a Meeting (joint attendance of shareholders for discussing items on the agenda and making decisions on such items) by means of absentee voting.
- 7.2. The Company shall have the right to conduct the GMS in the form of absentee voting on all items of the agenda with the exception of:
 - 7.2.1. Determining the number of Supervisory Board members, and/or electing and dismissing the Supervisory Board;
 - 7.2.2. Electing and dismissing Revision Commission members;
 - 7.2.3. Approving the External Auditor;
 - 7.2.4. Approving annual reports, annual financial statements, including, but not limited to, the profit and loss statement, as well as profit distribution (including declaration and payment of dividends, except for profits distributed as dividends upon the results of the first, second and third quarters of the fiscal year) and losses upon fiscal year results; and
 - 7.2.5. Paying (declaring) dividends upon the results of the first, second, and third quarters of the fiscal year.

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 7.3. The AGM, including any rescheduled AGM, may not be held in the form of absentee voting.
- 7.4. Shareholders whose completed voting ballots were received by the Company prior to the final date of acceptance of the voting ballots shall be deemed participants in the GMS.

Article 8. Procedures for Making Decisions and Keeping Documents

- 8.1. Decisions on the following agenda items of the GMS shall be made by a $\frac{3}{4}$ -majority vote of shareholders participating in the GMS:
 - 8.1.1. Making changes and amendments to the charter and approving a new version of the charter;
 - 8.1.2. Reorganizing the Company;
 - 8.1.3. Liquidating the Company and appointing the Liquidation Commission;
 - 8.1.4. Approving the interim and final liquidation balance sheets;
 - 8.1.5. Determining the number, nominal value, type of authorized shares, and the rights attached to such shares;
 - 8.1.6. Approving extraordinary transactions, as set forth by the Law;
 - 8.1.7. Purchasing by the Company of its shares;
 - 8.1.8. Placing additional shares through closed subscription;¹⁶⁰
 - 8.1.9. Placing convertible securities through closed subscription;¹⁶¹
 - 8.1.10. Placing additional shares if the number of shares offered exceeds 25% of common shares of the Company;¹⁶² and
 - 8.1.11. Placing convertible securities, if the number of securities offered exceeds 25% of common shares of the Company.¹⁶³

¹⁶⁰ LJSC, Article 39, Clause 3 provides that a greater number of votes may be required for making such decisions under the charter.

¹⁶¹ LJSC, Article 39, Clause 3 provides that a greater number of votes may be required for making such decisions under the charter.

¹⁶² LJSC, Article 39, Clause 4, Paragraph 1 provides that a greater number of votes may be required for making such decisions under the charter.

¹⁶³ LJSC, Article 39, Clause 4, Paragraph 2 provides that a greater number of votes may be required for making such decisions under the charter.

- 8.2. A decision on making changes and amendments to the Company's charter that may restrict the rights of preferred shareholders shall be deemed made when such decision was voted on by:
 - 8.2.1. Not less than a $\frac{3}{4}$ -majority vote of shareholders with voting rights participating in the GMS, with the exception of the votes of those preferred shareholders whose rights were to be restricted; and
 - 8.2.2. Not less than a $\frac{3}{4}$ -majority vote of all preferred shareholders of each type, the rights of which were to be restricted.
- 8.3. All other decisions of the GMS shall be made by a simple majority vote of holders of the voting shares participating in the GMS.
- 8.4. The minutes of the GMS and Counting Commission, as well as the report on the voting results, shall be prepared after the GMS.
- 8.5. The Counting Commission shall summarize the results of the voting and draft the minutes on the results within 15 days after the closing of the GMS or the final date for acceptance of the voting ballots in respect of the GMS held in the form of absentee voting. The Counting Commission minutes on the voting results shall be signed by the persons duly authorized by the External Registrar.
- 8.6. The minutes of the Counting Commission on the results of voting at the GMS shall contain the following information:
 - 8.6.1. Full legal name and address of the Company;
 - 8.6.2. Type of the GMS (AGM or EGM) and the form in which it was held;
 - 8.6.3. Date, location, and time of the GMS, and the postal address to which the completed ballots were sent, or, in the case of a GMS held in the form of absentee voting, the final date for acceptance of the voting ballots and the postal address to which the completed ballots were sent;
 - 8.6.4. Total number of votes belonging to holders of voting shares of the Company; in cases when different groups of shareholders voted on different items on the agenda — the number of votes in respect of each item on the agenda with a breakdown by types of shares and other criteria material for making decisions;
 - 8.6.5. Agenda of the GMS;
 - 8.6.6. Time of the beginning and end of registration of those persons entitled to participate in the GMS held in the form of joint atten-

Annex 19. A Model By-Law for the General Meeting of Shareholders

- dance, the time of opening and time of adjourning the GMS held in the form of joint attendance, and if the decisions of the GMS and the voting results thereon were announced at the GMS, the time when the counting of the votes began;
- 8.6.7. Total number of votes held by persons included in the shareholder list with respect to every agenda item;
 - 8.6.8. Number of votes belonging to the persons who actually participated in the GMS in respect to every agenda item, and information regarding the existence of a quorum for each item;
 - 8.6.9. Number of votes cast in each category of voting options, i.e. “for,” “against,” or “abstain” as to every item on the agenda for which a quorum was present;
 - 8.6.10. Number of votes cast for each agenda item of the GMS that were not counted by reason of declaring the ballots invalid (including the voting on relevant items);
 - 8.6.11. Full company name and address of the External Registrar, and the names of persons authorized by the Registrar who performed the functions of the Counting Commission; and
 - 8.6.12. Date of the Counting Commission minutes on the results of voting at the GMS.
- 8.7. The minutes of the GMS shall be prepared in duplicate by the secretary of the GMS within 15 days after its adjournment. Both copies shall be signed by the Chairman and the secretary of the GMS. The minutes on the voting results and the report on the voting results prepared by the Counting Commission shall be attached to the GMS minutes.
- 8.8. The GMS minutes shall contain the following information:
- 8.8.1. Full legal name and address of the Company;
 - 8.8.2. Type of GMS (AGM or EGM);
 - 8.8.3. Form of the GMS (joint attendance or absentee voting);
 - 8.8.4. Date and time of the GMS;
 - 8.8.5. Location of the GMS held in the form of joint attendance (address at which the GMS was held);
 - 8.8.6. Agenda of the GMS;
 - 8.8.7. Time of beginning and ending the registration of persons entitled to participate in the GMS held in the form of joint attendance;

- 8.8.8. Time of opening and time of adjournment of the GMS held in the form of joint attendance, and if the decisions of the GMS and the voting results were announced at the GMS, the time when the counting of the votes began;
 - 8.8.9. Postal address(es) to which the completed voting ballots were sent for the GMS held in the form of absentee voting, as well as for the GMS held in the form of joint attendance if voting on agenda items could also be made by mailing the completed voting ballots to the Company;
 - 8.8.10. Total number of votes belonging to persons included in the shareholder list as to every agenda item;
 - 8.8.11. Number of votes belonging to persons who actually participated in the GMS as to every agenda item and information regarding whether a quorum was present or absent for such items;
 - 8.8.12. Number of votes cast in each voting option (“for,” “against,” or “abstain”) on every agenda item for which a quorum was present;
 - 8.8.13. Wording of decisions made by the GMS on every item on the agenda;
 - 8.8.14. Summary of the discussions and the names of the speakers for every item on the agenda of the GMS held in the form of joint attendance;
 - 8.8.15. Names of the Chairman and Secretary of the GMS; and
 - 8.8.16. Date of the GMS minutes.
- 8.9. The wording of each decision in the GMS minutes must not differ from the wording of such decisions in the voting ballot.
 - 8.10. After the GMS minutes are signed, the voting ballots shall be sealed by the Counting Commission and kept in the archives of the Company.
 - 8.11. The report on results of the voting at the GMS shall contain the following information:
 - 8.11.1. Full company name and address of the Company;
 - 8.11.2. Type of the GMS (AGM or EGM);
 - 8.11.3. Form of the GMS (joint attendance or absentee voting);
 - 8.11.4. Date of the GMS;
 - 8.11.5. Location of the GMS held in the form of joint attendance (address at which the GMS was held);
 - 8.11.6. Agenda of the GMS;

Annex 19. A Model By-Law for the General Meeting of Shareholders

- 8.11.7. Total number of votes belonging to persons included in the shareholder list for every agenda item;
 - 8.11.8. Number of votes belonging to the persons who actually participated in the GMS for every agenda item, and information regarding whether a quorum was present for such items;
 - 8.11.9. Number of votes cast for each voting option (“for,” “against” or “abstain”) on every agenda item for which a quorum was present;
 - 8.11.10. Wording of decisions made by the meeting on every agenda item;
 - 8.11.11. Full company name and address of the External Registrar and the names of persons authorized by the Registrar; and
 - 8.11.12. Names of the Chairman and the secretary of the GMS.
- 8.12. The report on results of the voting at the GMS shall be signed by the Chairman and Secretary of the GMS.
- 8.13. If the agenda of the GMS includes items regarding the approval of related party transactions by the Company, the GMS minutes, the Counting Commission minutes, and the report on the voting results shall contain the following information as to such items:
- 8.13.1. Number of votes belonging to persons included in the shareholder list who are not interested parties in such transactions;
 - 8.13.2. Number of votes belonging to persons who are not interested parties in such transactions, and who actually participated in the GMS; and
 - 8.13.3. Number of votes cast for every voting option (“for,” “against,” or “abstain”).
- 8.14. If the agenda of the GMS includes items regarding the approval of changes or amendments to the charter (approval of the new version of the charter) which restrict the rights of the holders of a certain class of preferred shares, or on making a decision which under the Law may require amendments to the charter that may restrict the rights of holders of such class of preferred shares, the GMS minutes, the Counting Commission minutes, and the report on the voting results shall contain the following information regarding such items:
- 8.14.1. Number of votes belonging to persons included in the shareholder list excluding votes associated with the preferred shares, the rights of which may be restricted;

The Russia Corporate Governance Manual

- 8.14.2. Number of votes associated with the preferred shares of each class in which the rights may be restricted;
 - 8.14.3. Number of votes of shareholders who participated in the GMS, excluding votes of those preferred shareholders whose rights are being restricted, and separately the number of votes of such preferred shareholders; and
 - 8.14.4. Number of votes cast for every voting option (“for,” “against,” or “abstain”), excluding the votes of those preferred shareholders whose rights are being restricted, and separately the number of votes of such preferred shareholders cast in respect of such item for every voting option (“for,” “against,” or “abstain”).
- 8.15. Decisions of the GMS and the results of voting shall be announced at the GMS at which the voting was made, or communicated to persons included in the shareholder list within ten days after the date of the minutes on the voting results, in the form of a report on voting results, and sent by registered mail to the address of each shareholder of record, as well as published in “_____”.



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_



Table of Contents

ARTICLE 1. GENERAL PROVISIONS	230
ARTICLE 2. DECLARING DIVIDENDS.....	231
ARTICLE 3. SOURCES FOR AND THE AMOUNT OF DIVIDENDS.....	232
ARTICLE 4. PERSONS ENTITLED TO RECEIVE DIVIDENDS	232
ARTICLE 5. PAYING DECLARED DIVIDENDS.....	233

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.

Annex 20. A Model By-Law on Dividends

- 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.



Annex 21
**A MODEL NOTICE
 OF THE GENERAL MEETING OF SHAREHOLDERS**

**NOTICE OF THE GENERAL MEETING
 OF SHAREHOLDERS**

of the

Open Joint Stock Company

« _____ »

_____ [Enter address]

Dear Shareholder!

The Open Joint Stock Company « _____ » hereby notifies you that the General Meeting of Shareholders (hereinafter GMS) will be held with joint participation of shareholders on _____, 200_, at __:__ local time at the following address: _____ [city, street (if applicable) location of holding the GMS].¹⁶⁶

The registration of shareholders shall start at __:__ local time on the day of the GMS at the address indicated above.¹⁶⁷

¹⁶⁶ An AGM should be held at a location and time that facilitates shareholder participation, and does not impose an undue hardship or expense upon them. Ideally, the AGM should be held where the company is located.

¹⁶⁷ The time of the beginning of the GMS minus the required minimum time for the registration as set forth by the charter or by-laws of the company. The Federal Commission for the Securities Market's Code of Corporate Conduct, Chapter 2, Section 2.2.3 recommends that the time set should allow sufficient time for registering all shareholders.



The Russia Corporate Governance Manual

The Agenda

1. _____
2. _____
3. _____

The list of persons entitled to participate in the GMS has been compiled on the basis of the data contained in the Company's shareholder register on _____, 200_.

Shareholders of record shall have access to the information and materials for the GMS from _____ to _____ [*date*] on weekdays, from 09.00 until 18.00 local time without interruption, at the following address: _____ [*address of the location of the executive body, including office number and the telephone number for inquiries*] or at the following address or addresses _____] [*if applicable*], as well as on the Company's website www._____.ru .

A shareholder (or shareholder's representative) has the right to vote on the agenda items indicated above by means of sending their completed voting ballots by registered mail to the attention of _____ [*name of office or person authorized to receive the voting ballots*] at the following address: _____ [*address*]. The deadline for the receipt of the voting ballots is _____, 200_ [*date*].

For additional information, please contact: _____ [*name of office or authorized person (Corporate Secretary)*] at _____ [*contact details*] .

Contact tel.: _____



Annex 22

A MODEL POWER OF ATTORNEY FOR AN INDIVIDUAL

MODEL POWER OF ATTORNEY

The city of _____ Date [*in words*]

With this Power of Attorney I, _____ [*full legal name*],
passport number _____, issued on _____
_____ «___» _____ 200__ by _____ [*issuing authority*], resid-
ing at [*full legal address*]: _____, owner of _____
[*number in words*] common shares of the Open Joint Stock Company «_____»
_____», state registration № _____, each having a nominal value of RUR _____,

hereby appoint _____ [*full legal name*], passport number _____
_____, issued on _____ «___» _____
_____ 200__ by _____ [*issuing authority*], residing at _____
_____ [*full legal address*],

as my Proxy for the next General Meeting of Shareholders (hereinafter the GMS)
to be held after the date of this Power of Attorney. My Proxy shall have the
power and authority to represent my interests and act on my behalf at said GMS,
including the power and authority to:¹⁶⁸

1. Participate in discussions of the agenda items;
2. Receive information and materials made available to shareholders of record;
3. Make statements and submit proposals to the governing bodies of the Company and the working bodies of the GMS;

¹⁶⁸ A power of attorney may also include detailed instructions regarding how to vote on each agenda item.



The Russia Corporate Governance Manual

4. Receive from _____ [*name of the authorized person of the company*] all documents relevant to conducting said GMS;
5. Vote all shares owned by me as to all issues on the agenda; and
6. Take any other actions that may be appropriate and consistent with representing my interests pursuant to the terms and conditions of this Power of Attorney.

This Power of Attorney is not transferable, and is being issued for a term of _____ months.

_____ (*Signature of the Principal*)

Verified by: _____ (*name of the notary*)

[Notary [city of] _____]¹⁶⁹

¹⁶⁹ LSJC, Article 57, Clause 1, Paragraph 3 provides that a power of attorney shall be verified, either in accordance with the requirements of the Civil Code, Article 185, Clauses 4 and 5, or notarized. Although the provisions of the Civil Code do not directly refer to using a power of attorney for voting purposes, its rules are also applicable to such documents. In particular, in addition to notarization, the power of attorney can be verified:

- In the organization where the principal works or studies;
- By the municipal authorities where the principal resides; and
- By the administration of the medical institution where the principal is located.



Annex 23

A MODEL POWER OF ATTORNEY FOR A LEGAL ENTITY

MODEL POWER OF ATTORNEY

The city of _____ Date [*in words*]

With this Power of Attorney I, _____ [*full legal name*], the General Director of of the Open Joint Stock Company «_____» (hereinafter the «Grantor»),¹⁷⁰ acting under the Charter and on behalf of the Grantor, owning _____ [*number in words*] common shares, state registration № _____, each having the nominal value of RUR _____,

hereby appoint _____ [*full legal name*], passport number _____, issued on _____ «____» _____200__ by _____ [*issuing authority*], residing at _____ [*full legal address*],

as Proxy with the power and authority to represent the interests of the Grantor at the next General Shareholders Meeting (hereinafter the GMS) of the Open Joint Stock Company “_____,” to be held after the date of execution of this Power of Attorney, including the power to:¹⁷¹

1. Participate in discussions regarding all of the agenda items;
2. Receive information and materials made available to shareholders of record;

¹⁷⁰ During the GMS, the representatives are frequently required to submit documents to verify their membership in the governing body of the company that has issued the power of attorney. However, in those cases when the person who signed the power of attorney is registered in the shareholders register, such requirement is illegal (see Resolution No. F09-126/02-GK, the Federal Court of Appeals of Urals District, 13 February 2002).

¹⁷¹ A power of attorney may also include detailed instructions regarding how to vote on each issue of the agenda.



3. Make statements and submit proposals to the governing bodies of the Company and the working bodies of the GMS;
4. Receive from _____ [*name of the authorized person of the company*] all documents relevant to conducting said GMS;
5. Vote all shares owned by the Grantor as to all issues on the agenda; and
6. Take any other actions as may be appropriate and consistent with representing the interests of the Grantor pursuant to the terms and conditions of this Power of Attorney.

This Power of Attorney is not transferable, and is being issued for the term of _____ months from its date of execution.

_____ (*Signature of the General Director*)

Appendix:¹⁷²

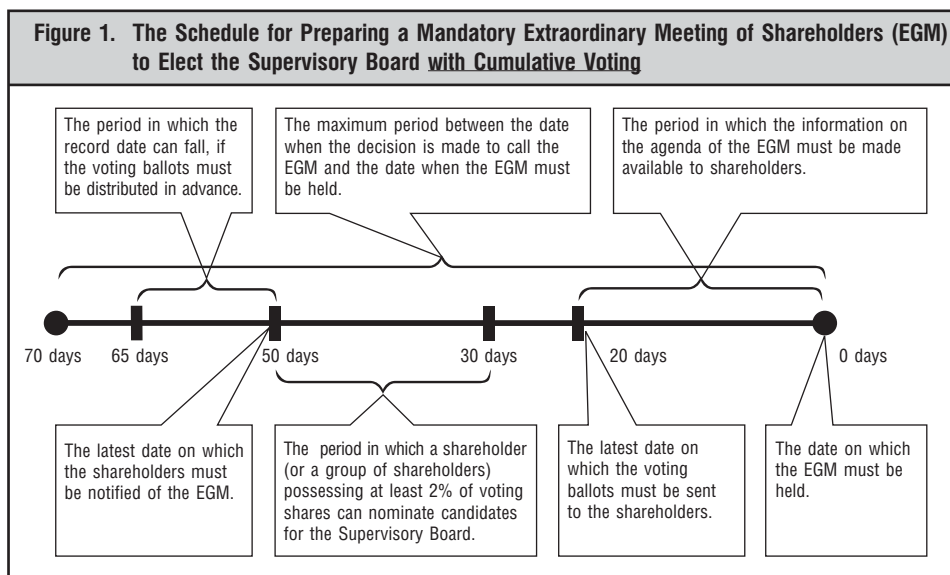
1. A copy of the charter of the Grantor.
2. A copy of the minutes of the _____ [*meeting of the relevant body*] on the election of _____ the General Director of the Grantor; and
3. An excerpt from the shareholder register on the ownership of company shares.

¹⁷² This is not required by the Company Law, however to avoid complications with gaining admittance to the GMS, it is recommended to have these documents available together with the power of attorney.



Annex 24

TIME CHARTS FOR THE PREPARATION OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

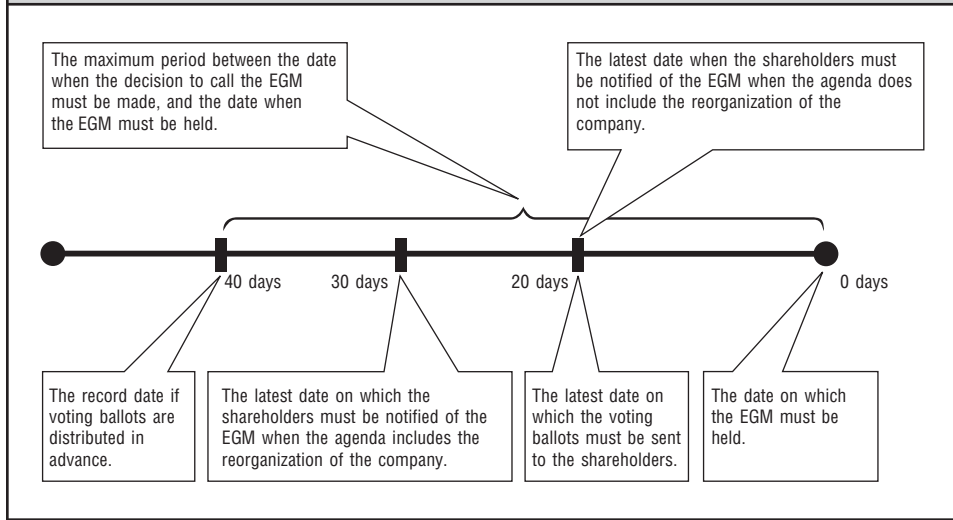


Source: IFC, March 2004



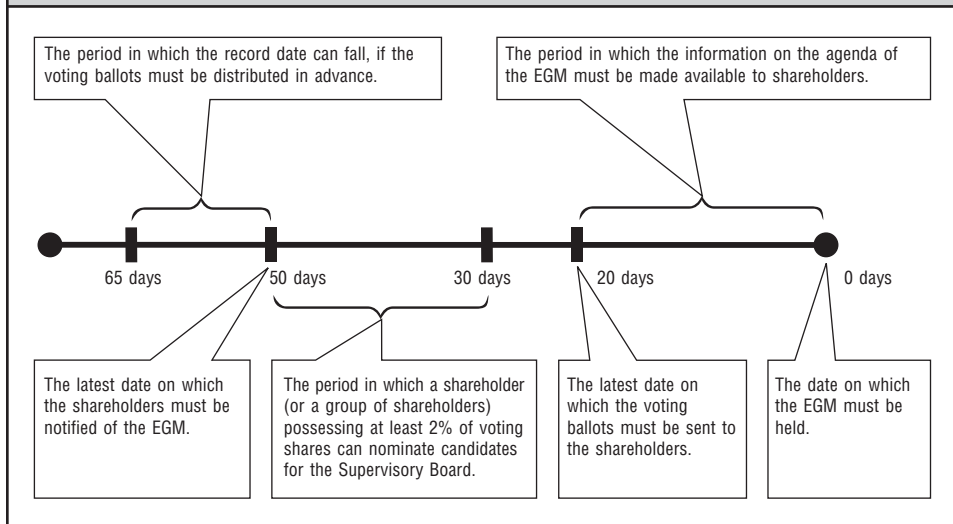
The Russia Corporate Governance Manual

Figure 2: The Schedule for Preparing a Mandatory EGM to Decide on Agenda Items (Other Than the Election of the Supervisory Board with Cumulative Voting)



Source: IFC, March 2004

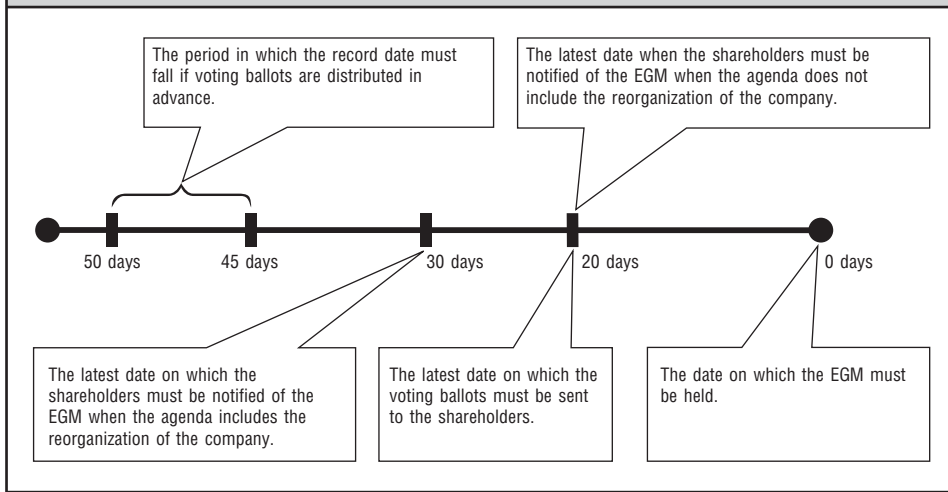
Figure 3: The Schedule for Preparing a Voluntary EGM to Elect the Supervisory Board with Cumulative Voting, Called by the Supervisory Board



Source: IFC, March 2004

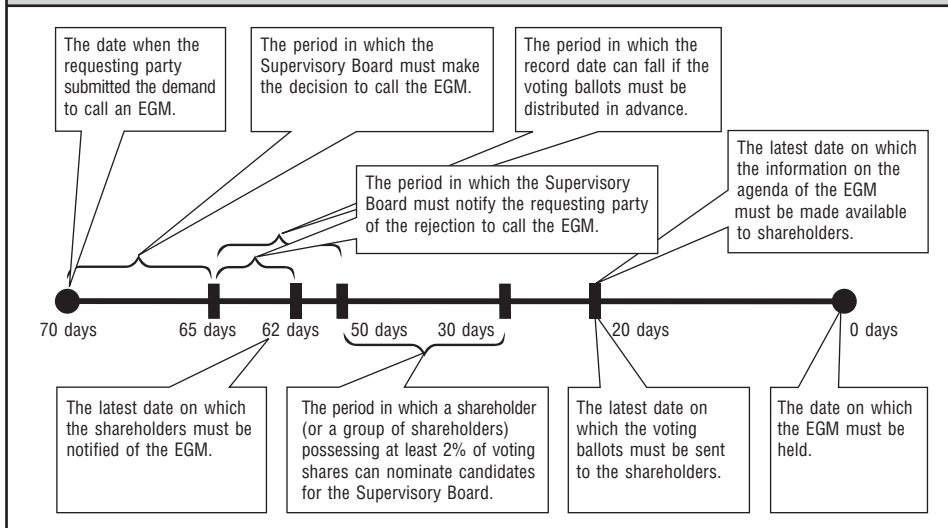
Annex 24. Time Charts for the Preparation of the EGM

Figure 4: The Schedule for Preparing the Voluntary EGM to Decide on Agenda Items (Other Than the Election of the Supervisory Board with Cumulative Voting), Called by the Supervisory Board



Source: IFC, March 2004

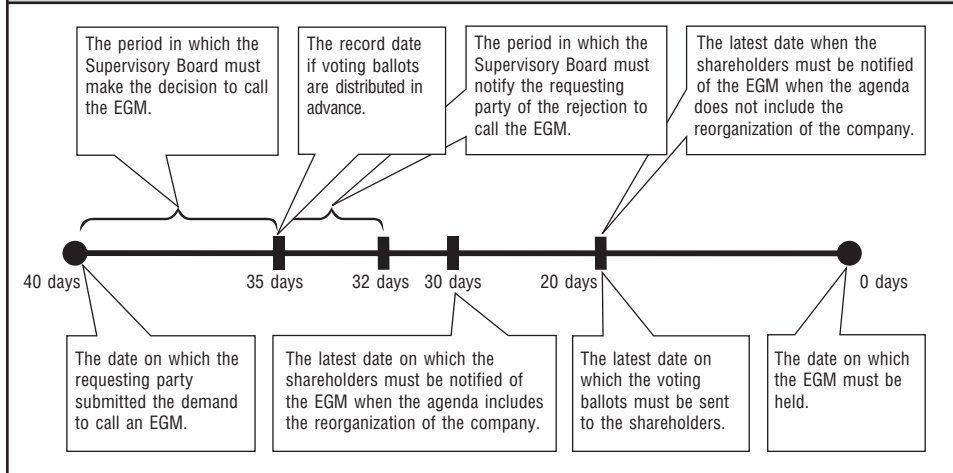
Figure 5: The Schedule For Preparing the Voluntary EGM to Elect the Supervisory Board with Cumulative Voting, Called Upon the Demand of a Requesting Party



Source: IFC, March 2004

The Russia Corporate Governance Manual

Figure 6: The Schedule for Preparing the Voluntary EGM to Decide on Agenda Items (Other Than the Election of the Supervisory Board with Cumulative Voting), Called Upon the Demand of a Requesting Party



Source: IFC, March 2004