

Translated from Russian

APPROVED

**by the resolution of the General Meeting of Shareholders
of "ALROSA" Company Limited (Closed Joint-Stock Company)
dated 29 June 2002 (Minutes No.16)**

**REGULATIONS
FOR THE PROCEDURE OF GENERAL MEETINGS OF SHAREHOLDERS OF
"ALROSA" COMPANY LIMITED
(CLOSED JOINT-STOCK COMPANY)**

1. General Provisions

1.1. The present Regulations are adopted in pursuance of Chapter VII of the Federal Law On Joint-Stock Companies.

2. Ways of Shareholders' and their Proxies' Participation in General Meetings of Shareholders

2.1. Any Shareholders included into the list of persons entitled to participate in a General Meeting shall be entitled to participate in (vote at and/or attend) the General Meeting held in any form provided.

2.2. Where a General Meeting is held in the form of joint presence of Shareholders, holders of shares included into the list of persons entitled to participate the General Meeting, their authorized representatives, the Company's External Auditor, members of the Supervisory Board, Members of the Executive Committee, members of the Counting Commission functions of which are conducted by the registrar holding the register of Shareholders (hereinafter referred to as the "Counting Commission"), and the internal auditing committee, as well as candidates entered into the ballots for voting in election to the relevant bodies of the Company.

2.3. Any Shareholder may participate in a General Meeting in any of the following ways, namely may:

- personally participate in consideration of any matters included into the agenda and vote them;
- send an authorized representative for taking part in consideration of any matters of the agenda and vote them;
- take part in consideration of any items of the agenda and vote them jointly with his authorized representative;
- vote by forwarding of a filled ballot;
- entrust the right to vote by forwarding of a filled ballot to his authorized representative.

2.4. Meetings held in the form of joint presence of Shareholders are usually held on non-business days or non-business hours. In case any meeting is held during business hours, physical person members having labor relations with the Company and participating personally in the meeting may not be brought to disciplinary account for absence at their workplaces during the period of participating in the General Meeting.

3. Procedure of Execution of Instruments of Proxy for Participating in a General Meeting

3.1. Delegation of rights (powers) to a Shareholder's representative shall be executed by issue of a written authorization – an instrument of proxy.

3.2. Any Shareholder may issue an instrument of proxy in respect of either all shares he holds or any part thereof.

The instrument of proxy may be issued in respect of both the whole set of rights attached to the share and in respect of any part of such rights. In such event the instrument of proxy shall specify the particular scope of powers delegated thereunder.

3.3. Any instrument of proxy shall specify the details of its issuer and the proxy (the full names of individuals and the full firm-names of legal entities, residential address and passport details of individuals or location of legal entities).

3.4. Any instrument of proxy for voting shall be certified by the legal entity in which the principal works or studies, or housing maintenance office at the place of residence, or by the administration of a hospital where such principal is being given hospital treatment, or shall be certified by a notary.

3.5. Where an instrument of proxy is issued on behalf of a legal entity, such instrument of proxy shall be signed by the head of the legal entity or any other person authorized therefore under the constituent documents with such entity seal affixed, or shall be certified by a notary.

3.6. A Shareholder's representative may also act at a General Meeting in pursuance of any powers based on resolution of governmental authorities and local self-government.

3.7. A Shareholder may at any time replace his authorized representative and personally exercise his rights granted by a share upon due termination of the instrument of proxy, subject to consequences of proxy termination as provided for by the legislation.

3.8. In case any share in the Company is held jointly by more than one person, any voting powers at a General Meeting shall be exercised by any one of the joint holders as selected by them, or by their common representative.

Powers of each of the said persons shall be formally executed in due form.

4. General Meeting Speaker Time Limit

4.1. The following time limits shall be applicable at a General Meeting:

- a speaker on any item of the agenda – up to 25 minutes;
- speaking during the debate – up to 5 minutes;
- speaking in connection with any questions, reference, information – up to 2 minutes.

Any particular member may not speak on any matter more than once.

5. Working Bodies of a General Meeting of Shareholders

5.1. The Chairman of the Company's Supervisory Board shall preside at any General Meeting. In case of absence of the said Chairman – one of vice chairmen of the Supervisory Board shall preside at such meeting. In case of absence of the said vice chairmen – one of the members of the Supervisory Board shall take the chair.

Where no members of the Supervisory Board attend the General Meeting, or if members of the Supervisory Board refuse to preside at the meeting, such meeting (if held in the form of joint in-person presence) shall elect the chairman from the number of Shareholders present at the meeting.

In such event, the Counting Commission shall announce a break for proposing candidates to take the chair at the General Meeting. Any Shareholders holding in aggregate at least 2 percent of voting shares of the Company in respect of all the matters of competence of the General Meeting shall submit written proposals to the presidium till the expiration of the break, specifying:

- the full name of a candidate, the number of shares he holds, numbers of his personal account in the register;
- full names (firm-names) of Shareholders proposing a candidate, the number of shares they hold, the numbers of personal accounts of the Shareholders in the register.

The General Meeting shall elect a chairman of the meeting from the number of candidates proposed.

In the course of voting in election of the Chairman of the meeting, any member of the meeting shall give any votes available to such member only for any one of the candidates, or may vote against all candidates.

Where only one candidate is entered into the ballot for voting, such candidate shall be deemed elected, provided more than 50 percent of votes of holders of voting shares are given for such candidate.

Where more than one candidate is entered into the ballot, the candidate winning the largest number of votes of the Shareholders present at the meeting in respect to other candidates, shall be deemed elected chairman of the General Meeting.

5.2. The Chairman may entrust holding the meeting to any other person, provided that he shall remain to be the chairman of the meeting.

5.3. The presidium of a General Meeting shall cause performance of the agenda of the General Meeting of Shareholders.

The following persons shall be the members of the presidium ex officio: the Chairman, the First Vice Chairman, as well as the Permanent Vice Chairman of the Supervisory Board of the Company, and the President (CEO) of the Company.

5.4. Any information received by a member of the Counting Commission in the course of processing of the results of voting (counting of votes and filling the reports) shall be in strict confidence.

5.5. The Counting Commission shall perform the following duties, namely shall:

- verify powers and register persons participating in the General Meeting of Shareholders, maintain the register;
- record instruments of proxy and authorities granted thereby fixing such information in the relevant register;
- issue and forward ballots and other information (materials) of the General Meeting and keep the register of issued (forwarded) ballots;
- fix the quorum of the General Meeting of Shareholders;
- explain any matters occurring in connection with realization by the Shareholders (or their representatives) of the voting rights at a General Meeting;

- explain the procedure of voting on any matters put to vote;
- provide for the fixed procedure of voting and rights of Shareholders to participate in voting;
- count votes and sum up the voting;
- keep all the documents of the General Meeting, including ballots, and transfer them to the archive;
- perform any other duties as fixed by the Federal Law On Joint-Stock Companies, the Charter of the Company and the present Regulations.

6. Registering of Meeting Participants

6.1. Any Shareholder or his authorized representative shall acquire the right to participate in a General Meeting only after formal registration during the hours as fixed in the notice of convening the meeting.

Besides, those Shareholders, ballots from whom are received no later than two days prior to the date of the General Meeting of Shareholders, shall be deemed participating in the General Meeting as well.

6.2. Registration of participants of a General Meeting shall be performed by the Counting Commission.

6.3. In accordance with registration, any participant of the General Meeting of Shareholders shall be issued ballots and other materials of the meeting, unless such materials and ballots are not issued (forwarded) earlier in the established order.

Any non-registered Shareholders and their authorized representatives shall not be entitled to attend the General Meeting.

6.4. Registration shall be performed as follows:

Registration shall commence no later than two hours prior to the beginning of the meeting;

A Shareholder shall produce the passport or any other identification document;

A representative of a Shareholder (Shareholders) shall additionally produce an instrument of proxy (instruments of proxy) evidencing his powers; in case of absence of any of the said documents, the representative of the Shareholder (Shareholders) may not participate in the meeting;

On the basis of records in the register of Shareholders, registrars shall verify the identifying documents of Shareholders and powers of representatives of Shareholders;

The registrars shall give to the Shareholders or their authorized representatives on receipt ballots for voting of a standard pattern, as well as any other materials subject to distribution among the participants of the meeting;

The registrars shall fill registers of participants of the meeting, issued ballots and instruments of proxy;

The Shareholders and their authorized representatives shall sign on the register evidencing receiving of ballots.

7. Voting at a General Meeting. Ballot

7.1. Voting at a General Meeting shall be conducted according to the principle: “one voting share – one vote”, and in case of cumulative voting – according to the principle: “one voting share – equal number of votes”.

7.2. In case of delegation of the right to participate in the General Meeting to a proxy, any Shareholder may delegate all his votes only to a single proxy. Such procedure shall not be applied in case of transfer of shares in trust for consideration.

7.3. A proxy may represent one or more Shareholders at the same time. Provided that such proxy may be a Shareholder as well. Any person representing more than one Shareholder at a General Meeting simultaneously shall participate in the meeting as one person with the number of votes equal to the sum of votes of such Shareholders.

7.4. Voting at a General Meeting of Shareholders shall be performed only by nominal ballots on any matters including procedural matters.

7.5. The form and the texts of a ballot shall be as approved by the Supervisory Board.

7.6. In case of an absentee voting (by enquiry), the ballot shall be forwarded or delivered on receipt to each person specified in the list of persons entitled to participate in the General Meeting of Shareholders, no later than 20 days prior to the General Meeting of Shareholders.

7.7. In case of a General Meeting in the form of joint presence of Shareholders, ballots shall be given on receipt to each person specified in the list of persons entitled to participate in the General Meeting of Shareholders.

7.8. Any ballot shall specify:

- the full firm-name of the Company and its location;
- the form of the General Meeting of Shareholders (joint presence or absentee voting);
- the date, place, time of the General Meeting of Shareholders, and where filled ballots may be forwarded to the Company – the mailing address at which the filled ballots may be dispatched; or, in case of a General Meeting of Shareholders in the form of an absentee voting – the final date of accepting the ballots and the mailing address at which the filled ballots are to be sent;
- the texts of resolutions on each question (the name of each candidate) voting of which is performed by the present ballot;
- versions of voting on each item of the agenda expressed as “in favor of”, “against”, “abstained”;
- a record of that the ballot should be signed by the Shareholder.

In case of voting on election of candidates to the managerial and controlling bodies, or in cases fixed by the Charter of the Company, and to the working bodies in connection with the procedure of the General Meeting, the voting ballot shall specify information on candidates specifying their surnames, names, patronymics or firm-names (for legal entities).

The voting ballot may include either one or more than one items of the agenda.

7.9. In the course of voting, a Shareholder shall strike off the rejected versions of answers.

7.10. Election of the Supervisory Board shall be conducted by cumulative voting.

In the course of such voting, each voting share of the Company shall be allocated the number of votes equal to the total number of members of the Supervisory Board.

A Shareholder may give his votes on the shares he holds completely for any one candidate or may distribute his votes among several candidates to the Supervisory Board.

The candidates accumulating the largest number of votes shall be deemed elected to the Supervisory Board.

7.11. Only votes, for which the voting person leaves the only one of the possible versions of answers, shall be counted. Any ballots filled with violation of the said requirement shall be recognized invalid, and the votes on the matters contained therein shall not be counted.

In case any ballot specifies more than one question put to vote, non-observance of the above requirement in respect of any question or several questions shall not invalidate the voting ballot as a whole.

A voting ballot shall be recognized fully invalid, if:

It is impossible to determine the personal account number of such Shareholder or identify his full name (firm-name).

7.12. Voting may be conducted either immediately after consideration of each item of the agenda or on a number question simultaneously.

7.13. Filling of ballots shall be made by participants of the meeting on the spot, without use of a polling booth.

7.14. To accelerate summing up the results of voting, it is possible to use different ballot-boxes for ballots given “in favor of” and “against”.

8. Summing Up the results of the General Meeting and the Procedure of Notification of the Shareholders thereof

8.1. The Counting Commission shall draw up a report on the results of voting signed by the members of the Counting Commission (a person performing duties of the Counting Commission).

Reports of the Counting Commission shall not be subject to approving by a special resolution of the meeting, but be taken in consideration. A resolution shall be deemed passed (rejected) immediately after drawing up the report of the Counting Commission.

Any report on the results of voting shall be subject to attaching to the minutes of the General Meeting.

After drawing up the report on the results of voting and signing the minutes of the General Meeting of Shareholders, the voting ballots shall be sealed by the Counting Commission and transferred to the archive of the Company for safe custody.

8.2. A report on the results of voting shall be drawn up within 15 days after closing of the General Meeting of Shareholders, or the final date of ballots accepting in case of a General Meeting of Shareholders in the form of absentee voting.

8.3. Resolutions passed at a General Meeting of Shareholders, as well as the results of voting shall be announced at the General Meeting of Shareholders in the course of which such voting has been conducted, or shall be notified within ten days after drawing up the report on the results of voting to the persons included into the list of persons entitled to participate in the General Meeting of Shareholders, in the order as fixed for notifying of convening of the General Meeting.

8.4. Any minutes of a General Meeting of Shareholders shall specify:

- the place and time of the General Meeting;
- the total number of votes held by the holders of voting shares in the Company;
- the number of votes held by the Shareholders participating in the meeting;
- the Chairman (presidium) and Secretary of the meeting, the agenda.

The minutes of the General Meeting shall contain the key points of speeches, the questions put to vote, and the results of their voting, resolutions passed at the meeting.

8.5. Minutes of the General Meeting of Shareholders shall be drawn up within 15 days after closing of the General Meeting in two original copies signed by the Chairman of the General Meeting of Shareholders and the Secretary of the General Meeting.

9. Final Provisions

9.1. Where, in pursuance of duly made amendments to any laws or other normative acts of the Russian Federation, any particular articles of these Regulations come into conflict therewith, such articles shall be null and void, and, prior to entering amendments into the Regulations, the General Meeting of Shareholders shall be governed by the laws and other normative legal acts of the Russian Federation to the extent of such invalid articles.

9.2. Any amendments and supplements to these Regulations shall be made by resolution of the General Meeting of Shareholders of the Company.