

**APPROVED**

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

with amendments made

by the resolutions of the Supervisory Board of  
ALROSA Company Limited  
dd. 5 November 2002 (Minutes No. 105)  
dd. 17 January 2003 (Minutes No. 175)  
dd. 10 September 2003 (Minutes No. 115)  
dd. 28 April 2006 (Minutes No. 131)  
dd. 19 December 2007 (Minutes No. 141)  
dd. 14 May 2009 (Minutes No. A01-101/151 PR-NS)

by the resolutions of General Meeting of Shareholders of  
ALROSA Company Limited  
dd. 19 June 2004  
(Minutes No.18 dd. 29 June 2004)  
dd. 25 June 2005  
(Minutes No.19 dd. 08 July 2005)  
dd. 10 November 2007  
(Minutes No.22 dd. 20 November 2007)  
dd. 20 June 2009  
(Minutes No.24 dd. 25 June 2009)

**CHARTER**  
**of**  
**"ALROSA" Company Limited**  
**(CLOSED JOINT-STOCK COMPANY)**

## **Article 1. GENERAL PROVISIONS**

1.1. Joint Stock Company "ALROSA", hereinafter referred to as the "Company", was incorporated by the resolution of its founding members (Minutes No. 1 dated 25 July 1992).

1.2. The Company is a closed joint-stock company and acts with the authority of this Charter, legislative and other legal acts of the Russian Federation and the Republic of Sakha (Yakutia).

1.3. The duration of the Company shall be unlimited.

## **Article 2. FIRM-NAME AND LOCATION OF THE COMPANY**

2.1. The firm-name of the Company shall be as the following:

2.1.1. The full firm-name of the Company:

in Russian – акционерная компания "АЛРОСА" (закрытое акционерное общество);

in Yakut – "АЛРОСА" акционернай компания (сабыылаах акционернай уопсастыба);

in English – "ALROSA" Company Limited".

2.1.2. The short firm-name:

in Russian – АК "АЛРОСА" (ЗАО);

in Yakut – "АЛРОСА" АК (САУО);

in English – "ALROSA" Company Limited".

2.2. Location of the Company: the Russian Federation, the Republic of Sakha (Yakutia), the City of Mirny. Mailing address of the Company: 6 ul. Lenina, 678170 Mirny, the Republic of Sakha (Yakutia).

## **Article 3. SCOPE OF ACTIVITIES OF THE COMPANY**

3.1. The Company shall be a profit-making entity; its main object shall be gaining profits and provision of interests of the Shareholders.

3.2. To attain its main object, the Company shall perform the following activities, namely shall

- develop and exploit diamond deposits, including diamond production, processing and sales of diamonds (both rough and polished), as well as manufacture and sales of any products of natural diamonds (both for industrial and consumer use);

- operate natural mineral deposits in a reasonable, efficient and wasteless manner, preserve and restore the natural environment in the territories, whereto the Company's activities relate;

- contribute to the social development of the territories, whereto the Company's activities relate;

- carry out investment operations to expand and improve mining production, processing and sales of diamonds and products thereof;

- carry out scientific research, geological exploration, design and development operations, accumulate, process and propagate relevant information for any interested legal entities and individuals, provide services related to engineering, implementation, advertising and information, consulting, intermediation and marketing in respect of any matters within the scope of the Company's interests.

- provide information services for the public: establish and operate mass media, including preparation and publishing of newspapers, information bulletins, related radio programs, organization of television studios activities, retransmission of satellite television programs;

- participate in establishing oil refineries for oil processing and product sales, natural gas production and transportation;

- carry out transportation, forwarding and other activities relating to transportation by trucks, railway, sea, river or air, including international transportation by owned or contracted means;

- operate in financial markets;

- participate in pension funds, insurance and banking activities;

- provide medical services, including sanatorium treatment, tourism and hotel business;

- carry out educational activities, including workers' occupational training and retraining, whatsoever personnel development and supporting education, employees' pre-qualification training in occupations and duties, regulated by state supervisory bodies, arrangement of secondary, higher and postgraduate occupational education for the Company's needs both in Russia and abroad;

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*This paragraph is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock*

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*Company) dd. 26.06.2005 (Minutes No.19 dd. 08.07.2005)*

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- carry out topographic, geodesic and mapping activities;
- carry out all types of construction activities;
- carry out security and investigation activities to ensure security of the Company, its subsidiaries and related enterprises in accordance with the current Federal Law;
- organize protection of state secrets;

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*This paragraph is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 19.06.2004 (Minutes No.18 dd. 29.06.2004)*

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- carry out any other activities not prohibited by the Law.

3.3. The Company shall participate in external economic activities in any sector of its business, shall independently perform export and import operations in accordance with the applicable law.

3.4. The Company shall perform any activities that are subject to licensing under the applicable law, only subject to duly obtaining of the relevant license (licenses).

#### **Article 4. LEGAL STATUS**

4.1. The Company shall be a legal entity and may, in its name, acquire and exercise any property and personal non-profit rights, bear responsibility, act as a claimant and defendant in courts, own separate property recorded on its independent balance-sheet.

4.2. The Company shall be completely economically independent.

4.3. The Company is a successor of PNO "Yakutalmaz", the entities, organizations and other subdivisions of PNO "Yakutalmaz", "Almazyvelirexport" Foreign Trade Association, as well as other entities and organizations in respect of any property and other obligations transferred to the Company by resolutions of the authorities of the Russian Federation and the Republic of Sakha (Yakutia).

4.4. The Company may duly open bank accounts in the territory of the Russian Federation and abroad.

The Company shall have a circular seal bearing its full firm-name in Russian and its location. The Company shall have stamps and blanks bearing its name, own emblem, as well as duly registered trademark and other means of visual identification.

4.5. To conduct its activities, the Company shall be entitled to:

- independently plan its financial, commercial, manufacturing activities;
- invest into businesses of any Russian and foreign entities;
- create affiliates and open representative offices in the territory of the Russian Federation and abroad;
- participate in creation of any business associations, partnerships or manufacturing cooperatives;
- invest money into marketable securities;
- perform transactions at commodity, stock or currency exchanges, participate in foreign exchange auctions;
- engage any Russian and foreign specialists;
- independently determine the forms, systems and amount of remuneration payable to its personnel;
- voluntarily join any unions, associations under the terms and conditions not contradicting the anti-monopoly law;
- enter into any transactions and perform other legal acts not prohibited under the applicable law.

4.6. The Company shall bear responsibility for its obligations with all the property held by it. The Company shall bear no responsibility for the obligations of its Shareholders.

4.7. In case insolvency (bankruptcy) of the Company is caused through a fault of its Shareholders or any other persons entitled to give any orders binding the Company or otherwise determine its activities, such persons (in case of insufficiency of assets of the Company) may bear subsidiary responsibility for its obligations. Insolvency of the Company shall be deemed caused through a fault of its Shareholders or any other persons entitled to give any orders binding the Company or otherwise determine its activities only in case when such Shareholders or other persons have exercised their right to give binding instructions or determine the Company's activities knowing full well that such action shall result in the insolvency of the Company.

4.8. The Company shall bear no responsibility for the obligations of the state and its bodies, nor the state or its bodies shall bear responsibility for the obligations of the Company.

## **Article 5. BRANCHES AND REPRESENTATIVE OFFICES**

5.1. The Company may set up (both in the Russian Federation and abroad) any branches, representative offices or other separate subdivisions observing the requirements of the applicable legislation of the Russian Federation, as well as the legislation of the state where a branch and (or) a representative office are located, unless otherwise is stipulated in an International Treaty of the Russian Federation. Such branches and representative offices shall act on behalf of the Company that shall bear responsibility for their activities.

5.2. A branch of the Company shall be any separate subdivision located outside the location of the Company and exercising all or any part of its functions including, but not limited to, representation of the Company.

5.3. A representative office of the Company shall be its separate subdivision located outside the location of the Company and representing the Company and securing its interests.

5.4. Branches, representative offices and other separate subdivisions shall not be legal entities, shall be assigned property by the Company, and shall act in accordance with the Regulations thereon. Any property of branches and representative offices shall be accounted on their separate balance sheets and the balance sheet of the Company.

5.5. The heads of the branches and representative offices shall be appointed by the President of the Company and shall act with the authority of duly issued Power of Attorney.

5.6. Information regarding branches and representative offices of the Company:

5.6.1. "The United Selling Organization of ALROSA" branch of ALROSA Company Limited, abbreviated as "USO of ALROSA", located at: 10/12, 1st Kazachy Pereulok, 119017 Moscow;

5.6.2. The "ALROSA" Yakutian Enterprise for Sales of Rough Diamonds" branch of ALROSA Company Limited, abbreviated as «YAPTA of "ALROSA", located at 8, ul. Ammosova, 677018 Yakutsk, Republic of Sakha (Yakutia);

5.6.3. The "BRILLIANTY ALROSA" branch of ALROSA Company Limited, the short name is "BRILLIANTY ALROSA", located at 10/12, 1st Kazachy Pereulok, Moscow, 119017;

5.6.4. The "ALROSA-Transsnab" Branch of ALROSA Company Limited, the short name is "ALROSA-Transsnab", located at: mooring house on the Moskva River, 140160 Zhukovsky, Moscow Region;

5.6.5. The "ALROSA – Pomorye" Branch of ALROSA Company Limited in Arkhangelsk, the short name is "ALROSA-Pomorye", located at 7, Kuznechikhinsky industrial hub, , 4-th Proyezd, Oktyabrsky District, 163045 Arkhangelsk, Arkhangelsk Region;

5.6.6. The "Prometheus" Health & Recreation Center branch of ALROSA Company Limited, the short name is "HRC Prometheus" located at: 352831 Nebug , Tuapse District, Krasnodar Territory;

5.6.7. The "ALROSA-Africa" Branch of ALROSA Company Limited in the Republic of Angola located at: 100, Rua Salvador Allende R/C, Luanda, Republic of Angola (Rua Salvador Allende n. 100 R/Company, Luanda, Republica de Angola);

5.6.8. Representative office of ALROSA Company Limited in Moscow located at: 10/12, 1st Kazachy Pereulok, 119017 Moscow;

5.6.9. Representative office of ALROSA Company Limited in Yakutsk, located at: 8, ul. Ammosova, 677018 Yakutsk, Republic of Sakha (Yakutia);

5.6.10. Representative office of ALROSA Company Limited in Orel, located at 24, ul. Gorkogo, 300028 Orel, Orel Region;

5.6.11. St-Petersburg Representative office of ALROSA Company Limited in the North-West of the Russian Federation, located at: 128 "A", Nevsky Prospect, 193036 St. -Petersburg.

*This clause is amended by the resolution of the Supervisory Board of ALROSA Company Limited (Closed Joint-Stock Company) dd. 14.05.2009 (Minutes No.401-101/151-PR-NS)*

## **Article 6. PROPERTY, ASSETS**

The Company shall own:

- 6.1. monetary funds transferred to it into ownership by the Shareholders, including as payment for the shares;
- 6.2. products manufactured by the Company in the course of its business;
- 6.3. proceeds, profits and income received;
- 6.4. other assets and funds otherwise obtained by the Company as permitted by law.

## **Article 7. AUTHORIZED CAPITAL**

7.1. The Authorized Capital of the Company shall amount to 3,682,482,815 (Three billion six hundred and eighty-two million four hundred and eighty-two thousand eight hundred and fifteen) rubles and shall be divided into 272,726 (two hundred and seventy-two thousand seven hundred and twenty-six) ordinary registered shares of 13,502 (thirteen thousand five hundred and two) rubles 50 (fifty) kopecks par value each.

The Company shall be entitled to place, additionally to outstanding shares, 72,726 (seventy-two thousand seven hundred twenty-six) ordinary registered (authorized) shares of 13,502 (thirteen thousand five hundred two) rubles 50 (fifty) kopecks par value each.

Such authorized shares shall have the same rights as the outstanding shares of the respective class (type) as provided by this Charter.

*This clause is amended by the resolution of the Special General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 10.11.2007 (Minutes No.22 dd. 20.11.2007)*

7.2. The shares of the Company shall be issued in book-entry form. The rights of the Shareholders shall be recorded in the system of share register by entries into personal accounts with the Registrar, and in case of rights recording in Custody – by entries into depo accounts at the Custody. Any Shareholder may require from the Registrar to issue an extract from the Register, being a document issued by the Registrar and evidencing any entries into the account of the registered person in the Register; such document shall not be deemed a security and its transfer shall not cause transfer of rights in the securities specified in it.

7.3. The Authorized Capital may be increased by increasing the par value of all the outstanding shares or by placing additional shares.

7.4. The Authorized Capital may be decreased by decreasing the par value of all the outstanding shares of the Company.

7.5. The Authorized Capital may be decreased by acquisition and redemption of any part of the Company's shares of either all or any particular classes (types).

7.6. Decreasing of the Authorized Capital of the Company may occur also on redemption of the outstanding shares in the following cases:

if any shares transferred into the disposal of the Company by the reason of failure by a buyer to perform his obligations to purchase the same remain unrealized within a year after the date of their transfer to the Company;

if any shares repurchased by the Company remain unrealized within one year after repurchase thereof;

if the shares were repurchased by the Company when taking decision on its reorganization.

7.7. Where, on the expiration of the second or each subsequent year, in accordance with the annual balance sheet presented for approval to the Shareholders of the Company, or according to the results of an audit, the value of the net assets of the Company appears to be less than its Authorized Capital, the Company shall declare decreasing of its Authorized Capital to the amount not exceeding the value of its net assets.

In such event, the decrease of the Authorized Capital shall be performed by decreasing the par value of the shares placed.

7.8. The Company may not decrease its Authorized Capital:

provided such decrease causes the value of the Authorized Capital to become less than the minimal amount of the Authorized Capital of the Company as fixed in the applicable law as of the date of submitting the documents for state registration of the relevant amendments to this Charter; and if, in accordance with the current legislation, the Company is obliged to decrease its Authorized Capital – as of the date of state registration of the Company;

provided the par value of the placed preference shares exceeds 25 percent of the Authorized Capital upon redemption of ordinary shares of the Company.

7.9. Within 30 days after the date of passing a resolution on decreasing of its Authorized Capital, the Company shall notify its creditors in writing of decreasing of the Authorized Capital of the Company and of its new amount, as well as shall publish in the press designed to publish information on state registration of legal entities an advertisement of the resolution passed. In such event, the creditors of the Company may,

within 30 days after the date of dispatching the notice to them or within 30 days after the date of publishing such advertisement of the resolution passed, require in writing early termination or performance of the relevant obligations of the Company and compensation of losses.

7.10. The net assets value of the Company shall be appraised according to the data in the accounting records in the order established by the Ministry of Finances of the Russian Federation and the federal authorities in charge of securities market.

## **Article 8. SHARES IN THE COMPANY**

8.1. All the Company's shares shall be ordinary registered shares. Ordinary registered shares of the Company shall be issued in a book entry form.

8.2. No share shall grant any voting rights prior to its full payment, excluding any shares acquired by the founding members on establishing of the Company.

8.3. The Shareholders shall bear no responsibility for obligations of the Company and shall bear the risk of losses connected with activities of the Company within the value of the shares they hold.

8.4. Shareholders who have not paid up their shares in full shall bear joint and several liability for obligations of the Company within the unpaid part of the value of the shares they hold.

8.5. The Shareholders shall:

pay up shares within the term and in the order as stipulated in the Civil Code of the Russian Federation, the Federal Law On Joint-Stock Companies, this Charter and a contract for acquiring the same;

perform requirements hereof and resolutions of the governing bodies of the Company;

keep in confidence any information connected with activities of the Company that becomes known to them in the course of performing of their obligations as Shareholders of the Company and included into the commercial secrets of the Company in accordance with the list approved by the Executive Committee of the Company;

perform any other obligations as stipulated by this Charter, resolutions of the competent bodies of the Company and the legislation.

8.6. Any person who has either solely or jointly with its affiliated person (persons) acquired 30 or more percent of placed ordinary shares of the Company, shall, within 30 days after acquiring of the same, offer to the Shareholders for sale the ordinary shares in the Company he holds and issued securities convertible into ordinary shares, at the market value, but in any case not less than at the weighted average price for six months preceding the date of their acquisition.

8.7. Holders of any classes of the shares shall have the following general rights, namely may:

familiarize themselves with this Charter;

sell or otherwise alienate their shares in the order and under the terms and conditions as stipulated by the current legislation and this Charter;

have preemption right to acquire any shares being transferred by any other Shareholders of the Company at the price offered to another person;

receive a net profit share (dividends) subject to distribution among the Shareholders in the order as stipulated in this Charter depending upon the class (type) of the shares he holds;

receiving of a part of the value of assets of the Company (liquidation value), remained after liquidation of the Company, proportionally the number of the shares of the relevant class (type) they hold;

assign the rights of a Shareholder in the Company only in the order and under the terms and conditions as stipulated in this Charter;

transfer of all or any part of the rights granted by a share of the relevant class (type) to its representative (representatives) under a power of attorney;

lay an action for protection of rights of the Shareholders;

exercise any other rights as stipulated in this Charter, the legislation as well as resolutions of the competent bodies of the Company.

8.8. Ordinary shares

8.8.1. Any ordinary shares of the Company shall have equal value, shall be registered and shall grant to their holders equal scope of rights.

8.8.2. Ordinary shares of the Company shall be voting shares on any matters of competence of the General Meeting of Shareholders.

8.8.3. Holders of ordinary shares shall have the right to receive dividends only after holders of preference shares.

8.8.4. No conversion of ordinary shares into preferred shares, bonds or other securities shall be allowed.

#### 8.9. Preference shares.

8.9.1. Any preference shares in the Company of anyone class shall have equal par value and shall grant to its holders equal scope of rights.

8.9.2. Any preference shares in the Company shall not be voting shares, unless otherwise is stipulated in the Federal Law on Joint-Stock Companies.

8.9.3. No conversion of preference shares into bonds or other securities other than shares shall be allowed. Any conversion of preference shares into ordinary shares and preference shares of other types shall be allowed only in case of reorganization of the Company in accordance with the Federal Law on Joint-Stock Companies.

#### 8.10. Voting shares

8.10.1. A voting share shall be a share granting to its holder voting right either in respect of all the matters of competence of the General Meeting of Shareholders or on any particular matters as specified in the Charter.

8.10.2. Any holder of shares voting on any matters of competence of the General Meeting of Shareholders shall have the following rights:

participate in voting at a General Meeting of Shareholders on any matters of its competence;

propose and elect candidates to the managerial and controlling bodies of the Company in the order and under the terms and conditions as stipulated in this Charter;

elect the working bodies of a General Meeting of Shareholders as stipulated by this Charter;

require calling of an extraordinary General Meeting of Shareholders, performing of extraordinary audit of activities of the Company either by an AU or by an independent auditor in the order and under the terms and conditions as stipulated in the Charter;

require repurchase by the Company of all or any part of the shares they hold in the order and in cases fixed by the Federal Law on Joint-Stock Companies and this Charter.

8.10.3. Holders of preference shares shall have no voting right at a General Meeting of Shareholders except:

- in resolving of any matters regarding reorganization and liquidation of the Company;

- in resolving of any matters regarding entering amendments into the Charter of the Company restricting the rights of holders of the preference shares of that type, including any cases of fixing or increasing of the rate of dividends and (or) fixing or increasing of the liquidation value payable on the preference shares of the next preceding priority, as well as granting to the holders of the preference shares of any other type of any priority preferences for payment of dividends and (or) liquidation value of shares.

Holders of preference shares shall have the right to require repurchase by the Company of all or any part of the shares they hold in the order and in the cases as fixed in the Federal Law on Joint-Stock Companies and this Charter.

#### 8.11. Consolidation and Splitting of the Shares

8.11.1. By resolution of the General Meeting of Shareholders, the Company may effect consolidation of outstanding shares resulting in conversion of two or more shares in the Company into a new share of the same class (type). In such event, the relevant amendments regarding the par value and the number of the outstanding and authorized shares in the Company of the relevant class (type) shall be entered into this Charter.

8.11.2. In case of creation of fractional shares in the course of consolidation, such fractional shares shall grant to its holders the scope rights granted by a share of the relevant class (type), corresponding to the part of the full share representing it. Fractional shares shall be circulating equally with full shares. Where any person acquires two or more fractional shares of one class (type), such shares shall form one full and (or) fractional share equal to the sum of those fractional shares.

8.11.3. By resolution of the General Meeting of Shareholders, the Company may split any outstanding shares in the Company resulting in conversion of one share into two or more shares in the Company of the same class (type). In such event, the relevant amendments regarding the par value and the number of outstanding and authorized shares in the Company of the relevant class (type), shall be entered into this Charter.

## **Article 9. PLACING OF SHARES AND OTHER ISSUED SECURITIES OF THE COMPANY**

9.1. Procedure and methods of placing of shares and other issued securities.

9.1.1. The Company shall place its shares in the following cases:

on its founding;

in case of issuing of additional shares in the order and under the terms and conditions as stipulated in the current legislation;

conversion into shares of issued securities convertible into shares.

9.1.2. The Company may place additional shares only by a closed subscription (private placing).

The Company may not effect public subscription for any shares or other securities convertible into shares issued by it, or otherwise offer the same for acquisition to an unlimited number of persons.

9.1.3. Additional shares may be placed by the Company only within the limits of the number of the authorized shares as fixed in this Charter.

A resolution on increasing of the Authorized Capital of the Company by placing of additional shares may be passed by a General Meeting of Shareholders simultaneously with a resolution on entering into the Charter of the provisions on the authorized shares necessary for passing of such resolution under the applicable law, or on changing of the provision on the authorized shares.

The Supervisory Board may not pass resolutions on placing of additional shares of those classes (types) that are not authorized in this Charter.

9.1.4. The Supervisory Board authorized to pass resolutions on placing of additional shares shall fix:

the number of additional shares of each class (type) to be placed within the limits of the authorized shares of such class (type);

term and conditions of shares placing;

any other information as stipulated in the applicable law for entering of the same into the prospectus of issue.

9.1.5. The procedure for conversion of issued securities into shares of the Company shall be fixed in:

the Charter of the Company – in respect of conversion of preference shares;

the resolution on issue – in respect of conversion of bonds and other issued securities other than shares.

9.1.6. Placing of additional shares in the Company within the number of the authorized shares necessary for conversion into them of outstanding convertible shares and other issued securities of the Company, shall be performed only through such conversion.

9.1.7. In case of placing by the Company of issued securities convertible into shares of any particular class (type), the number of the authorized shares of such class (type) shall be no less than the number necessary for conversion within the term of circulation of such issued securities.

9.1.8. The Company may not pass resolutions on restriction of rights granted by the shares into which any issued securities placed by the Company may be converted, without consent of the holders of such issued securities.

9.1.9. The Company shall place issued securities convertible into shares at their market value, but in any case no less than at par value of the shares in which such securities are to be converted.

The provisions of this clause shall not cover placement of bonds by the Company, provided the terms and conditions of repayment of such bonds stipulate payment of the par value of the bonds or their conversion into shares.

The terms and conditions of issue of the bonds, allowed transaction therewith, types, forms, terms and other conditions of redemption of the bonds shall be fixed in the resolution of the Supervisory Board on issue of bonds or in Regulations thereon.

9.2. Payment of additional shares and other securities at their placing.

9.2.1. Additional shares and other issued securities of the Company placed through subscription shall be placed upon their full payment.

9.2.2. Payment of additional shares in the Company may be effected by:

money;

securities;

other things or property rights or other rights appraisable in money.

Payment of other securities may be performed only by money.



9.2.3. The form of payment of additional shares in the Company shall be fixed in the resolution on placing the same.

9.2.4. In case additional shares in the Company are paid up by any non-monetary facilities, monetary appraisal of the assets being contributed as payment for the shares, shall be performed by the Supervisory Executive Committee in accordance with Article 77 of the Federal Law on Joint-Stock Companies and in the order as stipulated in this Charter.

9.2.5. Where payment of the shares is being performed by non-monetary facilities, the market value thereof shall be fixed by an independent appraiser. The value appraised by the founders of the Company may not exceed the appraisal performed by an independent appraiser.

9.2.6. Payment of the shares in the Company shall be performed at the market value, but in any case may not be less than par value thereof.

9.3. Fixing of the market value of the property.

9.3.1. The market value (monetary appraisal) of the assets shall be fixed by a resolution of the Supervisory Board, unless otherwise is stipulated in the Federal Law on Joint-Stock Companies.

9.3.2. Where a person interested in performing of any one or more transactions, the price (monetary value) of assets in which is determined by the Supervisory Executive Committee, the price (the monetary value) of the assets shall be fixed by a resolution of Members of the Supervisory Executive Committee not interested in such transaction.

9.3.3. An independent appraiser may be attracted for determining of the market value of assets.

9.3.4. Where the assets to be appraised consist of shares in the Company, their monetary value shall be fixed according to the procedure approved by the Supervisory Board.

9.3.5. In case more than two percent of voting shares in the Company are held by the State and (or) any municipal body, involvement of a governmental controlling body shall be obligatory.

## **Article 10. DIVIDENDS**

10.1. Dividends shall be a part of the net profit of the Company distributable among the Shareholders proportionally to the number of shares of the relevant class and type they hold which are referred to the Authorized Capital of the Company. Dividends on preference shares may be paid up out of the special funds of the Company formed for this purpose out of the profits of the previous years.

10.2. The Company may once a year pass resolutions (declare) payment of dividends on the outstanding shares.

10.3. The Company shall pay the dividends declared on each class (type) of the shares. The Dividends shall be paid as usual by money. Any dividend may also be paid up by shares (profit capitalization) other types of securities, assets, transfer of property or other rights having monetary appraisal.

10.4. A resolution on payment of annual dividends, the amount of dividends and the form of their payment on shares of each class (type) shall be passed by a General Meeting of Shareholders according to recommendations by the Supervisory Executive Committee. The amount of annual dividends may not exceed the amount recommended by the Supervisory Board.

A General Meeting of Shareholders may pass resolution on non-payment of dividends on shares of any particular classes (types), as well as payment of dividends not in full on any preference shares, the rate of dividend on which shall be fixed in this Charter.

10.5. No dividend shall be accrued and paid on any shares other than outstanding shares, acquired by the Company by resolution of the Supervisory Board, repurchased by the Company and transferred to its disposal by the reason of non-performance by the buyer of obligations to acquire the same.

10.6. The Company may not pass resolution on payment (declaring) of dividends on shares in cases as stipulated in article 43 of the Federal Law on Joint-Stock Companies.

10.7. The Company shall not be entitled to pay declared dividends on shares:

- in accordance with the law of the Russian Federation on insolvency (bankruptcy) if any signs thereof appear in the Company as a result of such payment;

- if on the date of payment the value of net assets of the Company is less than its Authorized Capital, Reserve Fund and excess over the par value of the liquidation value of the outstanding preferred shares as the same is fixed in the Charter of the Company, or becomes less than the said amount as a result of payment of dividends;

- in other cases provided for by the federal law.

Upon termination of the circumstances set forth in this clause, the Company shall be obliged to pay the declared dividends to the Shareholders.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 26.06.2009 (Minutes No.24 dd. 25.06.2009)*

10.8. Payment of dividends shall be performed not earlier than 30 and not later than 150 days after the date of passing the resolution on payment thereof by the General Meeting of Shareholders.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 19.06.2004 (Minutes No.18 dd. 29.06.2004)*

10.9. To pay dividends on the instructions of the Supervisory Executive Committee, the Company shall draw up the list of persons entitled to receive annual dividends.

The list of persons entitled to receive annual dividends shall be drawn up as of the date of drawing up the list of persons entitled to participate in the annual General Meeting of Shareholders. For the purpose of drawing up the list of persons entitled to receive annual dividends, the nominee holder of shares shall provide information on the persons for the benefit of which he holds the shares.

## **Article 11. PROCEDURE AND TERM OF REALIZATION OF THE PREEMPTION RIGHT TO PURCHASE SHARES**

11.1. The Shareholders and the Company shall exercise the preemption right to acquire shares being alienated (sold) by any other Shareholders at the price offered to any other person.

11.1.1. The Shareholders of the Company shall exercise the preemption right to acquire shares being alienated (sold) by any other Shareholders at the price offered to any other person proportionally to the number of shares held by each of them respectively, and in accordance with the procedure of exercising such right as stipulated in this Charter.

11.1.2. The Company shall exercise the preemption right to acquire the shares being sold by its Shareholders in case the Shareholders fail to exercise their preemption right.

11.1.3. The Shareholders and the Company may not exercise their preemption right to acquire the shares:

- in case of acquisition and repurchase of the shares placed by the Company by the reason and in the order as stipulated in articles 72-76 of the Federal Law on Joint-Stock Companies;
- in case of transfer shares in order of succession;
- in any other cases provided in the law and this Charter.

11.1.4. No assigning of the preemption right to acquire shares by a Shareholder shall be allowed.

11.2.1. Any Shareholder of the Company intending to transfer the shares he holds shall notify the rest of the Shareholders of the Company and the Company of such intent.

11.2.2. Notification of the Shareholders shall be performed through the Company according to procedure stipulated in this Charter. In case the Shareholder entrusts the Company to notify the rest of the Shareholders of the Company in writing, notification of the Shareholders shall be made at the expense of the Shareholder intending to sell his shares.

11.3. The procedure and the term of documents submitting by a Shareholder intending to transfer any shares he holds in the Company or any part thereof.

11.3.1. A Shareholder intending to transfer any shares (part of the shares) he holds in the Company shall notify the Company in writing by a registered letter at the following address: 678170, the Russian Federation, the Republic of Sakha (Yakutia), Mirny, ul. Lenina 6, the Corporate Securities Circulation Department of ALROSA Company Limited (CJSC) (hereinafter referred to as CSCDCD). The notice may be delivered directly to CSCDCD of the Company.

11.3.2. The notice shall specify:

- the full name, residential address (location), phone number for communicating with the Shareholder or his (its) authorized representative;
- class (type), number of shares offered for transfer;
- price offered per share of each class (type) in rubles;
- method of notification of the shareholders (announcement or dispatching of written notices);

- other terms of shares sale including consent (or dissent) to transfer less number of shares than it is fixed in the notice, in case the Shareholders and the Company are desirous to use the preemption right to acquire the shares only partially;

- signature of the shareholder or its authorized representative.

11.3.3. The notice shall be attached with the following documents:

- a copy of the extract from the Register evidencing availability of the shares to be transferred on the account of the Shareholder free of any charges;

- a power of attorney or any other (either original or a notarized copy thereof) executed in accordance with the requirements of the applicable law, provided an authorized representative acts on behalf of the Shareholder;

- written consent of the members of joint property in case of existence of joint property in the shares signed by all the Members of the joint property, or a power of attorney issued by the co-holders to a person signing a notice of transfer on their behalf (either original or a notarized copy thereof);

- approving (permission) of a custody bodies in case of transfer of shares held by a minor Shareholder;

- Shareholder's banker's details for transferring to him money for the shares.

11.3.4. On the first day of the month next following the month of accepting of notices, CSCD of the Company shall inform the rest of the Shareholders on the notices received. Where the first day of a month is a weekend or holiday, informing shall be effected on the last working day next preceding such day. Informing shall be made by posting of an advertisement at the place of accepting notices from the Shareholders. This day shall be deemed a day of notifying the Shareholders and the Company of the intention to transfer the shares. Such advertisement shall specify the number of shares and the price offered for each share, and in case of transfer of share holding – the number of the shares transferred as a share holding.

11.4. The procedure and the term of representing the documents by a Shareholder desirous to realize his preemption right to acquire the shares.

11.4.1. Within thirty calendar days after notification of the Shareholders and the Company, the rest of the Shareholders may realize their preemption right to acquire the shares. In such event a Shareholder shall notify the Company in writing by registered letter at the following address: 678170, the Russian Federation, the Republic of Sakha (Yakutia), Mirny, ul. Lenina 6, the Corporate Securities Circulation Department of ALROSA Company Limited (CJSC). The notice may be delivered directly to CSCD of the Company.

11.4.2. The notice shall specify:

- the full name, residential address (location), phone number for communicating with the Shareholder or his (its) authorized representative;

- class (type), number of shares offered for transfer;

- acquisition price per share of each class (type) in rubles;

- consent (or dissent) to acquire fractional number of shares proportionally to the number of shares held by the Shareholder in case in the course of realization of the preemption right fractional shares appear;

- the term of validity of the notice for acquisition;

- signature of the Shareholder or his authorized person.

11.4.3. The notice shall be attached with the following documents:

- a power of attorney or any other documents (either original or a notarized copy thereof) executed in accordance with the requirements of the applicable law, provided an authorized representative acts on behalf of the Shareholder;

- a copy of the extract from the Register specifying the number of shares accounted on its personal account and held by him, to determine proportional number of shares in realization of the preemption right;

- documents evidencing reserving of money in a bank (banks) specified by the Company.

11.4.4. Prior to filing a notice, a Shareholder shall make reservation of funds with the bank (banks) specified by the Company, by depositing the sum necessary for acquisition of shares according to the notice.

Payment purpose: Funds reserving for acquisition of shares in ALROSA Co. Ltd. (CJSC).

Depositing of funds may be duly made by transfer or by contribution of cash.

11.4.5. Any notices for acquiring of shares, other than duly registered and timely filed, shall not be accepted for consideration in the current month.

11.5. Acceptance and accounting of documents.

11.5.1. The CSCD shall:

- accept notices, applications and other documents from the Shareholders intending to realize or acquire shares.
- examine any notices, applications and other documents submitted for meeting the requirements of the applicable law and this Charter;
- return of notices and other documents not meeting the requirements of the applicable law and this Charter;
- record notices, applications in special books in chronological order;
- timely inform the rest of the Shareholders of any notices received of transferred shares.

11.6. Procedures applicable in case a Shareholder intending to transfer any shares he holds, obliges the Company to notify the Shareholders of the Company in writing.

11.6.1. A Shareholder intending to transfer any shares he holds shall notify the Company in writing of his intention to realize his shares in the order as stipulated in sub-clause 11.3.1-11.3.3 of the Charter. In such event the Company shall notify the Shareholders by dispatching written notices.

11.6.2. Within fifteen working days, a Shareholder intending to transfer any shares he holds shall pay to the Company the cost of preparing and dispatching of written notices to the Shareholders and submit to CSCD any documents evidencing such payment.

11.6.3. CSCD shall cause dispatching of the written notices to all the Shareholders of the Company within fifteen working days.

11.6.4. The day of dispatching of a notice to the last Shareholder shall be deemed the day of notification of the Shareholders and the Company of the intent to transfer the shares.

11.6.5. Any Shareholders intending to realize their preemption right to acquire shares shall act in the order as stipulated in clause 11.4 of the Charter.

11.7. The procedure of exercising by the Shareholders of the Company the preemption right to acquire shares.

11.7.1. According to the notice registration data as of the first working day of the month next following the month of receiving of notices for acquiring the shares, the CSCD of the Company shall fix the notices in respect of which the Shareholders may exercise the preemption right to acquire the shares.

11.7.2. Where the aggregate number of shares in respect of which the Company has received notices for acquisition exceeds the number of shares offered for transfer, the shares so transferred shall be distributed among the Shareholders proportionally to the number of shares held by each of them.

11.7.3. Where, within the term fixed in clause 11.4.1 of the Charter, the Shareholders fail to exercise their preemption right in respect of all or any part of the shares being transferred, the Company shall obtain the preemption right to acquire the part of the shares in respect of which the Shareholders have failed to exercise their preemption right.

11.7.4. Upon verification of conformity of the terms in the notices of transfer to the notices for acquisition, the CSCD shall within five working days provide for:

- notification of the Shareholders intending to transfer their shares, and the Shareholders desirous to exercise their preemption right to purchase the shares, of possibility to exercise the preemption right to acquire shares;
- assistance in execution of contracts and transfer orders by and between the Shareholders or their representatives;
- submitting of transfer orders to the registrar;
- preparing of information on notices and applications received from the Shareholders desirous to sell and exercise the preemption right to purchase shares, as well on the results of exercising of the preemption right to acquire shares by the Shareholders of the Company for subsequent forwarding of such information to the Supervisory Board within the timeframe fixed by the Supervisory Board.

11.8. The procedure of exercising the preemption right of the Company to acquire shares being transferred by the Shareholders at the price offered to other persons.

11.8.1. The Company may exercise its preemption right to acquire shares within thirty calendar days after the emergence of such right.

11.8.2. A resolution on acquiring shares shall be passed by the Supervisory Executive Committee in accordance with the requirements of the applicable legislation and this Charter.

11.8.3. The Company may not pass resolutions on acquisition of shares, provided the par value of the shares in circulation is less than 90 percent of the Authorized Capital of the Company, as well as in any other cases provided in the applicable law.

11.9. Where within the term fixed in sub-clauses 11.4.1 and 11.8.1 of the Charter, after the day of notification of the Shareholders and the Company of intent to transfer the shares, the Shareholders and the Company fail to exercise their preemption right to acquire the shares at the price offered to another person, or have acquired only a part of the shares alienated by the Shareholders, the Shareholder shall have the right to realize the rest shares to any persons other than the Shareholders at the offer price fixed in the notice. The right to transfer all the shares at the offer price shall also vest in the Shareholders that have intended to realize the shares under condition of realization of the whole number of shares as specified in the notice, provided the Shareholders and the Company have expressed their desire to exercise the preemption right to acquire shares only in respect of any part of the shares.

11.10. In case the shares are not purchased at the offer price and the transferor fixes a new offer price, this shall once more result in the emergence of the preemption right of the Shareholders and the Company. Subsequently, the procedure of realization of shares shall be repeated. Fixing of each new price offered to another person shall restore the preemption right of the Shareholders and the Company to acquire the shares transferable to other Shareholders of the Company.

11.11. In case the shares are transferred with violation of the due procedure and terms of exercising of the preemption right to acquire the shares provided for herein, any Shareholder and (or) the Company may, within three months after the Shareholder or the Company become aware of or should have become aware of such violation, judicially claim transfer of transferor's rights and obligations therein to them.

11.12. The present procedure of exercising the preemption right to acquire the shares shall act in case of transfer for value by a Shareholder of the shares he holds.

## **Article 12. GENERAL MEETING OF SHAREHOLDERS**

12.1. The scope of competence of the General Meeting of Shareholders.

12.1.1. The General Meeting of Shareholders shall be the superior governance body of the Company.

The following matters shall be the matters of competence of the General Meeting of Shareholders, namely:

- 1) amending the Charter of the Company (excluding the cases stipulated by clauses 2-5 of article 12 of the Federal Law on Joint Stock Companies) or approving anew version of the Charter;
- 2) passing resolutions on reorganization of the Company;
- 3) passing resolutions on liquidation of the Company, appointing a Liquidation Committee and approving interim and final liquidation balance sheets;
- 4) election of Members of the Supervisory Board and early termination of their powers;
- 5) election of Members of the Auditing Committee and early termination of their powers;
- 6) fixing the number of Members of the Counting Commission, election of its Members and termination of their powers (excluding any cases when functions of the Counting Commission are performed by the Registrar in accordance with the Federal Law on Joint-Stock Companies);
- 7) approving the external Auditor of the Company;
- 8) approving annual reports, accounting balance sheets, profit-and-loss accounts of the Company, distribution of its profits and losses according to the results of the fiscal year;
- 9) passing resolutions on payment (declaring) of dividends according to recommendations of the Supervisory Board;
- 10) determination of the number, par value, class of the shares authorized, and the rights granted by them;
- 11) decreasing the Authorized Capital of the Company by decreasing the par value of the shares, acquisition of a part of the shares for the purpose of decreasing of their total number, as well as by redemption of acquired or repurchased by the Company shares;
- 12) passing resolutions on splitting and consolidation of shares;

- 13) increasing the Authorized Capital of the Company by increasing of the par value of shares;
- 14) approving internal documents of the Company (Regulations on the Procedure of General Meeting of Shareholders, Regulations on the Procedure of Calling and Holding of Meetings of the Supervisory Board, Regulations on the Procedure of Calling, Holding of Meetings of and Passing of Resolutions by the Executive Committee, Regulations on the Procedure of Activities of the Counting Commission of the Company), entering amendments thereto;
- 15) passing resolutions on approving of transactions in cases stipulated in article 83 of the Federal Law on Joint-Stock Companies and article 19 hereof;
- 16) approving large-scale transactions in cases stipulated in Article 79 of the Federal Law on Joint-Stock Companies and Article 18 hereof;
- 17) approving participation in holding companies, financial and industrial groups, other associations of profit-making entities;
- 18) passing resolutions on charging of any expenses connected with holding of extraordinary General Meetings of Shareholders, unscheduled audits by an external Auditor and the Auditing Committee against the Company, provided such audits are initiated by holders of the number of shares in the Company as set forth herein;
- 19) setting forth the procedure of the General Meeting of Shareholders of the Company;
- 20) resolving any other matters as stipulated in the Federal Law on Joint-Stock Companies and herein.

12.1.2. No matters of competence of the General Meeting of Shareholders may be delegated to an executive body of the Company for resolving.

No matters of competence of the General Meeting of Shareholders may be delegated to the Supervisory Board of the Company for resolving except any matters stipulated in the Federal Law on Joint-Stock Companies and this Charter.

12.1.3. The General Meeting of Shareholders shall not represent the Company, but shall only confine itself to passing resolutions on the Company's affairs.

12.1.4. The General Meeting of Shareholders may not pass resolutions on any matters not included in the agenda of the Meeting or amend it.

12.1.5. At any General Meeting of Shareholders stipulating joint presence of the Shareholders, only the Shareholders entered into the list of persons entitled to participate in the General Meeting of Shareholders may present, as well as their proxies, the external Auditor of the Company, the Members of the Supervisory Board and executive bodies of the Company, the Members of the Counting Commission and the Auditing Committee, as well as candidates included in the ballot for voting in election of the governing and control bodies of the Company.

Any registered Shareholders (or their proxies) shall be deemed participating in a General Meeting of Shareholders during its holding.

12.1.6. A resolution of the General Meeting of Shareholders on any matter put to vote shall be passed by majority of votes of holders of voting shares participating in the meeting.

12.1.7. Resolutions on any matters specified in sub-clauses 1-3 and 10 of clause 12.1.1 hereof, shall be passed at a General Meeting of Shareholders by three-fourths majority of the votes of the holders of voting shares participating in the General Meeting of Shareholders.

12.1.8. Resolutions on any matters specified in sub-clauses 2, 3, 9 and 12 - 17 of clause 12.1.1 hereof, shall be passed by a General Meeting of Shareholders only upon proposal of the Supervisory Board.

12.1.9. The procedure of the General Meeting of Shareholders, the order and time table and other procedural matters shall be fixed in the Regulations on the procedure of the General Meeting of Shareholders. Amending the procedure of the General Meeting of Shareholders, the time table and other procedural matters shall be made by entering amendments and supplements into the Regulations on the procedure of the General Meeting of Shareholders.

12.1.10. Resolutions passed by a General Meeting of Shareholders shall be binding for all the Shareholders, either present or not at the Meeting.

12.1.11. The Company shall annually hold an annual General Meeting of Shareholders, but in any case not earlier than in two months and not later than in six months after the expiration of the fiscal year. The specific date of a General Meeting of Shareholders shall be fixed by the Supervisory Board.

12.1.12. The annual General Meeting of Shareholders shall be convened by a Supervisory Board. Such resolution shall be passed by majority of votes of the Members of the Supervisory Board present at the meeting.

12.1.13. An annual General Meeting of Shareholders shall annually pass resolutions on the following matters:

- election of Members of the Supervisory Board;
- election of the Auditing Committee of the Company;
- approval of an external Auditor of the Company;
- approval of annual reports, annual accounts including profit and loss statement of the Company, as well as distributions of profits, including payment (declaring) of dividends and losses of the Company based on the results of the fiscal year.

Upon proposal of the Shareholders holding jointly the number of shares as fixed in clause 12.5.2. hereof and the Supervisory Board any other matters may be included in the agenda of the annual General Meeting of Shareholders in the order and within the time frame fixed hereby.

Any meetings other than annual General Meeting of Shareholders shall be deemed extraordinary.

12.2. Financial support for preparing and holding of the General Meeting of Shareholders.

12.2.1. Any expenses connected with preparing of the General Meeting of Shareholders shall be borne by the Company in accordance with the calculation approved by the Executive Committee and shall be included into the budget of the Company.

12.2.2. Any cost of preparing and holding of an extraordinary General Meeting of Shareholders initiated by the Members of the Supervisory Board, the Auditing Committee and external auditor of the Company, shall be borne by the Company in accordance with the calculation approved by the Executive Committee and shall be included into the budget of the Company.

12.2.3. The Executive Committee shall submit a report on spending money for calling, preparing and holding a meeting not later than two months after holding the meeting. Such report shall be open for reviewing by the Shareholders.

12.2.4. The cost of preparing and holding an extraordinary General Meeting of Shareholders initiated by the Shareholders shall be paid by the Shareholders initiating its calling. By resolution of the General Meeting of Shareholders such costs may be charged to the account of the Company with the relevant compensation to the Shareholders initiating an extraordinary General Meeting of Shareholders.

12.3. The forms of holding a General Meeting of Shareholders.

12.3.1. A General Meeting of Shareholders other than annual General Meeting of Shareholders may be held in two forms.

The form that provides for joint presence of the Shareholders for consideration of any matters on the agenda and passing resolutions on the matters put to vote.

The absentee voting form that provides for adoption of resolutions without holding a meeting by submitting the filled ballots for voting.

12.3.2. The form of holding of a General Meeting of Shareholders shall be determined by the initiators of convening of the same, unless it is fixed in the Federal Law on Joint-Stock Companies.

The Supervisory Board may not change the form of an extraordinary General Meeting of Shareholders fixed in the request of initiators of its convening.

12.4. An extraordinary General Meeting of Shareholders.

12.4.1. An extraordinary General Meeting of Shareholders shall be held by resolution of the Supervisory Board:

- on its own initiative;
- at request of the Auditing Committee of the Company;
- at request of the external auditor of the Company;
- at request of a Shareholder (Shareholders) holding jointly at least 10 percent of voting shares in the Company as of the date of making such a request.

12.4.2. A resolution of the Supervisory Board initiating calling an extraordinary General Meeting of Shareholders shall be passed by simple majority of votes of the Members present at the meeting of the Supervisory Board. Such resolution shall approve:

- any matters subject to entering into the agenda of the meeting;
- the form of the meeting;
- the candidatures to be included into the list of candidatures for voting in elections into the relevant body of the Company, in case the agenda of the extraordinary General Meeting of Shareholders includes an item on elections to the said bodies.

12.4.3. A request of calling an extraordinary General Meeting of Shareholders shall be passed by simple majority of votes of the Members of the Auditing Committee present at the Meeting, and shall be forwarded to the Supervisory Board. Such request shall be signed by the Members of the Auditing Committee voting for its adoption.

A request of the external auditor initiating calling of an extraordinary meeting shall be signed by him and forwarded to the Supervisory Board.

The request to convene an extraordinary General Meeting of Shareholders shall state the items to be included into the agenda of the Meeting.

The request may include the wording of the resolutions on each of the items proposed, as well as a proposal regarding the form of holding the General Meeting of Shareholders.

12.4.4. The Shareholders holding jointly at least 10 percent of voting shares in the Company and initiating calling of an extraordinary meeting shall send a written request to the Supervisory Board.

The request to convene an extraordinary General Meeting of Shareholders shall specify the items to be included into the agenda of the meeting.

A request shall contain the names of the Shareholders (Shareholder) requiring to call such a meeting, and specify the number, class (type) of the shares they hold.

The request may include the wording of the resolutions on each of the items proposed, as well as a proposal regarding the form of holding the General Meeting of Shareholders.

The request shall be signed by the Shareholders or their proxies. Where the request is signed by a proxy, it should be attached with the instrument of proxy.

In case convening of the General Meeting of Shareholders is initiated by a Shareholder who is a legal entity, the signature of the representative of the legal entity acting in accordance with its Charter without power of attorney, shall be certified by the seal of such legal entity. Where the request is signed by a representative of legal entity acting on its behalf with the authority of a power of attorney, such request shall be attached with such power of attorney.

12.4.5. A request by the initiators of calling an extraordinary General Meeting of Shareholders shall be submitted in writing by mailing a registered letter to the address of the Supervisory Board with acknowledgement of receipt and shall be filed to the administration of the Supervisory Board.

The date of submitting of the request to convene an extraordinary General Meeting of Shareholders shall be fixed as the date of acknowledgement of receipt or the date of direct delivery to the secretary of the Supervisory Board.

12.4.6. Within 5 days since the date of submitting the request, the Supervisory Board shall pass resolution on convening of an extraordinary General Meeting of Shareholders or on refusal to convene the same.

12.4.7. A resolution of the Supervisory Board to refuse convening of an extraordinary General Meeting of Shareholders may be passed in the following cases, if:

the procedure of filing a request on convening of an extraordinary General Meeting of Shareholders of the Company is not observed as fixed in article 55 of the Federal Law on Joint-Stock Companies;

the Shareholders (Shareholder) requesting convening of an extraordinary General Meeting of Shareholders of the Company are not the holders of the number of shares as fixed in clause 12.4.4 hereof;

neither of the matters to be included into the agenda of an extraordinary General Meeting of Shareholders of the Company is referred to its competence and (or) meets the requirements of the Federal Law and other legal acts of the Russian Federation.

12.4.8. Convening of an extraordinary General Meeting of Shareholders at request of the Auditing Committee of the Company, the external auditor of the Company or the Shareholders holding jointly at least 10 percent of voting shares, shall be performed by the Supervisory Board, in such event the General Meeting of Shareholders shall be held within 40 days after the day of submitting of the request to hold an extraordinary General Meeting of Shareholders.

12.4.9. A resolution of the Supervisory Board on convening an extraordinary General Meeting of Shareholders or a reasoned refusal to convene the same shall be send to the persons requesting to convene the same within three days upon passing such resolution.

12.5. Proposals for entering into the agenda of an annual General Meeting of Shareholders.

12.5.1. The following persons shall be entitled to propose items for entering into the General Meeting of Shareholders and the wording of resolutions on such items, namely:

shareholders holding the number of shares as fixed in clause 12.5.2 hereof;

the Supervisory Board.



The agenda of a General Meeting of Shareholders is subject to approval by the Supervisory Board.

12.5.2. Any holder (holders) of at least 2 percent of voting shares in the Company may propose any items to be included into the agenda of a General Meeting of Shareholders and the wording of resolutions on such items. Such proposals shall be submitted to the Company at least 75 days after the end of a fiscal year.

12.5.3. Proposals to be entered into the agenda shall be executed in writing and shall be sent by a registered letter at the address of the Supervisory Board or delivered to the administration of the Supervisory Board. The date of making such proposals shall be the date of delivery thereof against a receipt or the date of its submission to the office of the Supervisory Board.

12.5.4. A proposal to enter any items into the agenda of a General Meeting of Shareholders shall contain:

- wording of each item proposed;
- the names of the Shareholders making such proposals, the number and class (type) of the shares they hold.

A proposal to enter any items into the agenda of a General Meeting of Shareholders may contain the wording of resolution on each item so proposed.

The proposal shall be signed by the Shareholder or its proxy. The signature of a representative of a legal entity acting with the authority of its Articles of Association without power of attorney shall be attested by the seal of such legal entity. Where the proposal is signed by a representative of the legal entity acting on its behalf under a power of attorney, such proposal shall be attached to a power of attorney.

12.5.5. The Supervisory Board shall consider any proposals received and pass a resolution on entering thereof into the agenda of the annual General Meeting of Shareholders or on refusing to enter the same into the agenda within 5 days after the expiration of the term of submitting of proposals as set forth hereby.

12.5.6. A resolution on refusal to include any item into the agenda of an annual General Meeting of Shareholders may be passed by the Supervisory Board in the following cases, namely if:

- the term of making proposal as fixed herein is violated;
- the proposal specifies incomplete details and (or) any documents as specified herein are not attached to the proposal;
- initiators of the proposal are the persons not registered in the register of Shareholders and (or) having no relevant powers to represent the Shareholders.
- the matter proposed for inclusion into the agenda is not within the competence of the annual General Meeting of Shareholders under applicable law or this Charter;
- the matter proposed for inclusion into the agenda does not meet the requirements of the Federal Law on Joint-Stock Companies and other legal acts of the Russian Federation;
- the proposed matters may be resolved only upon proposal by the Supervisory Board in accordance with this Charter;
- the procedure of making proposals into the agenda of an annual General Meeting of Shareholders as fixed by the Federal Law on Joint-Stock Companies is not observed.

12.5.7. A reasoned resolution of the Supervisory Board to refuse to enter any proposed item into the agenda of the annual General Meeting of Shareholders shall be forwarded to the Shareholder (Shareholders) making such proposal within 3 days after such resolution was passed.

12.5.8. The resolution of the Supervisory Board to refuse to enter any proposed item into the agenda of the annual General Meeting of Shareholders or evasion by the Supervisory Board of the Company of passing the resolution may be appealed in court.

12.5.9. The Supervisory Executive Committee may not amend the wording of any items proposed for inclusion into the agenda of the General Meeting of Shareholders of the Company, and the wording of resolutions thereon.

Besides the items proposed for inclusion into the agenda of the General Meeting of Shareholders by the Shareholders of the Company, or in case of no such proposals, absence or insufficient number of candidates proposed by the Shareholders for forming of the relevant body, the Supervisory Board of the Company may include any items into the agenda of the annual General Meeting of Shareholders or candidatures into the list of candidatures at its discretion.

12.6. The procedure for candidates' nomination into the managerial and controlling bodies of the Company.

12.6.1. The Shareholders (Shareholder) holding jointly at least 2 percent of voting shares in the Company, may nominate candidates to the Supervisory Board, Auditing Committee and Counting

Commission of the Company, the number of such nomination may not exceed the number of Members of the relevant body. Such nomination shall be submitted to the Company within 75 days on the expiration of the fiscal year.

12.6.2. Candidate nomination shall be made in writing and sent by a registered letter at the address of the Supervisory Board or shall be delivered to the office of the Supervisory Board.

The date of making a nomination shall be fixed as the date of advice-of-receipt or the date of delivery of the same to the office of the Supervisory Board.

12.6.3. The nomination shall specify:

the name of each proposed candidate;

the name of the body to which such candidate is proposed for election;

the names of the Shareholders (Shareholder) nominating such candidates, the number and class (type) of the shares they hold.

As well as other details of such candidates as stipulated herein or in the internal documents of the Company.

The nomination shall be signed by the Shareholder or its attorney. Where the nomination is signed by such attorney, it should be attached with the power of attorney.

Where nomination is initiated by a shareholder – legal entity, the signature of the representative of the legal entity acting in accordance with its Charter without power of attorney shall be certified by the seal of such legal entity. Where the nomination is signed by a representative of legal entity acting on its behalf with the authority of a power of attorney, such nomination shall be attached to such power of attorney.

12.6.4. The Supervisory Board shall, within 5 days after the expiration of the term of submitting of nominations as fixed in this Charter, consider any nominations submitted and pass resolution on including the nominated candidates into the list of candidatures for voting at elections into the Supervisory Board, the Auditing Committee and the Counting Commission of the Company or on refusing to include such candidates.

12.6.5. A resolution refusing to include any nominated candidates into the list of candidatures for voting may be passed by the Supervisory Board in the following cases, namely if:

the term of nomination submitting as fixed in this Charter is violated;

the nomination specifies incomplete details and (or) any documents as specified herein are not attached to the nomination;

initiators of the nomination are not the holders of the necessary number of shares in the Company as of the time of submission the same;

the candidates included into the nomination do not meet the requirements of the Federal Law on Joint-Stock Companies and other legal acts of the Russian Federation;

the procedure of making nominations to the governing and controlling bodies as fixed by the Federal Law on Joint-Stock Companies is not observed.

12.6.6. A reasoned resolution of the Supervisory Board to refuse to include any candidate into the list of candidatures for voting in elections to the Supervisory Board, the Audit Committee and the Counting Commission of the Company shall be forwarded to the Shareholder (Shareholders) making such proposal within 3 days after the passing of such resolution.

12.6.7. The resolution of the Supervisory Board to refuse to enter any candidate into the list of voting in the elections to the relevant body of the Company or evasion by the Supervisory Board of the Company of passing the resolution may be appealed in court.

12.7. Procedure of passing resolution on convening a General Meeting of Shareholders.

12.7.1. A resolution on convening a General Meeting of Shareholders shall be passed by the Supervisory Board by majority of votes of its Members present at the meeting or participating in the absentee voting.

12.7.2. In the course of preparing a General Meeting of Shareholders, the Supervisory Board of the Company shall fix:

the form of the General Meeting of Shareholders (actual meeting or absentee voting);

the date, place, time of holding the General Meeting of Shareholders, and in case filled ballots may be forwarded to the Company under Clause 3 of Article 60 of the Federal Law on Joint-Stock Companies, the mailing address to which such filled ballots may be directed, or, in case of an absentee voting – the final date for voting ballots accepting and the mailing address at which the filled ballots are to be sent;

the date of drawing up the list of persons entitled to participate in the General Meeting of Shareholders;

- the agenda of the General Meeting of Shareholders;
- the procedure of notifying of the Shareholders of holding a General Meeting of Shareholders;
- the list of information (materials) presented to the Shareholders in the course of preparing and holding the General Meeting of Shareholders and the procedure of presenting the same;
- the form and wording of the voting ballot.

12.7.3. In case of voting of any matters that could cause the emergence under the Federal Law on Joint-Stock Companies of the Shareholders' right to require repurchase of the shares they hold by the Company, the Supervisory Board, by resolution on holding of the General Meeting of Shareholders in any form shall fix:

- the price of the shares to be repurchased;
- the procedure and the terms of such repurchase.

12.8. Measures to be taken to prepare the General Meeting of Shareholders.

12.8.1. At the time of passing a resolution on convening the General Meeting of Shareholders, the Supervisory Board shall adopt a schedule of preparing of such meeting.

12.8.2. The Schedule shall fix the list of measures to be taken to prepare the General Meeting of Shareholders, the bodies (officers) or the operating bodies of the General Meeting of Shareholders in charge of performing thereof, as well as the procedure and the term for performing such measures.

In general, the Schedule shall include the following actions:

- preparing of the materials to be presented to the Shareholders;
- determination of places (addresses) where the Shareholders may review the materials of the General Meeting of Shareholders;
- elaboration of draft resolutions on the items in the agenda of the meeting reflecting the position of the Supervisory Board, the President and the Executive Committee;
- delivery or publishing of the text of the advertisement on holding a General Meeting of Shareholders, ballots for voting, and in case of a meeting in an absentee voting – materials of the meeting;
- preparation of the necessary technical documentation: forms, minutes, registers, advertisements, schemes, etc.;
- technical support of the General Meeting of Shareholders and the Counting Commission;
- preparing of the voting ballots;
- drawing up the list of persons entitled to participate in the General Meeting of Shareholders;
- work with the Shareholders connected with execution of instruments of proxy;
- lease of meeting venue;
- additional advertisements on the General Meeting of Shareholders (publication in press/media, materials for stands, etc.);
- processing of correspondence received at the address of the General Meeting of Shareholders and summing up the results of an absentee voting, provided the meeting is of mixed form.

12.8.3. Preparing to a General Meeting of Shareholders shall be performed by the Counting Commission, the Supervisory Board, the President, the Executive Committee as well as any consulting and auditing companies servicing the Company, in accordance with the Schedule of preparing and holding the General Meeting of Shareholders.

12.9. Drawing up of the list of persons entitled to participate in a General Meeting of Shareholders.

12.9.1. The list of persons entitled to participate in a General Meeting of Shareholders shall be drawn up by the Counting Commission of the Company pursuant to the data in the register of Shareholders of the Company as of the date fixed by the Supervisory Board.

12.9.2. The date of drawing up of the list of persons entitled to participate in the General Meeting of Shareholders may not be fixed earlier than on the date of passing the resolution on holding the General Meeting of Shareholders and later than 50 days prior to (and in case stipulated in clause 2 of article 53 of the Federal Law on Joint-Stock Companies – at least 65 days prior to) the date of the General Meeting of Shareholders.

12.9.3. To draw up the list of persons entitled to participate in a General Meeting of Shareholders, a nominee holder of shares shall present the details regarding the persons for the benefit of which such holder holds the shares as of the date of drawing up such list.

12.9.4. The list of persons entitled to participate in a General Meeting of Shareholders shall specify the name of each such person, the details necessary to identify such person, data regarding the number and class (type) of the shares in respect of which they have a voting right, their mailing address in the Russian

Federation for sending a notice on holding a General Meeting of Shareholders, voting ballots and the report on the results of voting.

12.9.5. The list of persons entitled to participate in a General Meeting of Shareholders shall include the following Shareholders:

holders of fully paid ordinary shares in the Company of any issue;

holders of fully paid preference shares in the Company of any types, provided the agenda of the meeting contains an item on which the preference share of such type gives the voting right, or if the holders of preference shares have received the voting right on any matters of competence of the General Meeting of Shareholders by the reason of passing of resolutions on payment of dividends not in full on the shares they hold.

12.9.6. Any amendments to the list of persons entitled to participate in a General Meeting of Shareholders may be entered only in case of restoring of violated rights of any persons not included into the said list as of the date of its drawing up, or correction of errors occurred at its drawing up.

12.9.7. The list of persons entitled to participate in a General Meeting of Shareholders shall be presented by the Company for reviewing at request of persons included in such list and holding at least 1 percent of votes. In such event, the details of documents and the mailing address of physical persons included in such list shall be presented only upon consent of such persons.

On request of any interested person, the Company shall, within three days, issue to such person an extract from the list of persons entitled to participate in the General Meeting of Shareholders containing details of such persons, or a certificate that such person is not included in the list of persons entitled to participate in a General Meeting of Shareholders.

12.9.8. In case of transfer of a share after the date of drawing up the list and before the date of such General Meeting of Shareholders, a person included in the list of persons entitled to participate in a General Meeting of Shareholders, shall issue to the transferor an instrument of proxy for voting or shall vote at the General Meeting of Shareholders with the authority of a power of attorney issued by the transferee of the shares in accordance with the terms and conditions of transfer of shares. The above rule shall be applied also to each subsequent case of share transfer.

12.10. Notifying of the Shareholders of Holding of a General Meeting of Shareholders.

*General requirements to the procedure of notification.*

12.10.1. The Company shall notify the Shareholders included into the list of persons entitled to participate in the General Meeting of Shareholders of holding such meeting.

12.10.2. Notification of General Meeting of Shareholders shall be performed through the publishing in the newspapers "Mirninsky rabochiy", "Lensky vestnik", "Yakutia" "Sakha Sire", "Rossiyskaya gazeta" of the relevant advertisement containing information on the agenda not later than 20 days before, and in case of notification of General Meeting of Shareholders the agenda of which contains an item on reorganization of the Company – not later than 30 days prior to the date of such meeting.

In case stipulated in clause 2 of article 53 of the Federal Law on Joint-Stock Companies, a notification of an extraordinary General Meeting of Shareholders shall be published at least 50 days prior to the date thereof.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 19.06.2004 (Minutes No.18 dd. 29.06.2004)*

12.10.3. The date of informing the Shareholders on holding of a General Meeting of Shareholders shall be fixed as the date of publishing the advertisement in the press/media mentioned in clause 12.10.2 hereof.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 19.06.2004 (Minutes No.18 dd. 29.06.2004)*

12.10.4. By resolution of the Supervisory Board, besides the obligatory information as stipulated in this Charter, the text of the advertisement on convening the General Meeting of Shareholders may include any other additional information.

12.10.5. Any materials made available to the Shareholders in the course of preparing to the General Meeting of Shareholders shall not be sent to the Shareholders. A Shareholder may review such materials at the addresses as specified in a notice of General Meeting of Shareholders.

A Shareholder may, within two calendar weeks prior to the date of the General Meeting of Shareholders, at any day from 8 a.m. till 8 p.m. receive copies of the materials of the meeting at the specified addresses.

12.10.6. The materials subject to being made available on a compulsory basis, including at the location of the main production subdivisions of the Company, for reviewing to the Shareholders in the course of preparing of a General Meeting of Shareholders shall include:

- annual report of the Company;
- opinion of the Auditing Committee and the external auditor based on the results of an annual audit of the business of the Company;
- details of the candidatures to the membership of the Supervisory Board, the Auditing Committee, the Counting Commission;
- information on the proposed Auditor of the Company;
- draft amendments proposed for entering into the Charter and internal provisions of the Company, and (or) draft new versions of the Charter and internal regulations of the Company.

Any materials provided by this article shall, during 20 days (and in case of General Meeting of Shareholders with agenda containing an item on reorganization of the Company – during 30 days) prior to the General Meeting of Shareholders, be accessible for the persons entitled to participate in the General Meeting of Shareholders for the purpose of familiarization on the premises of the executive body of the Company and in other places, addresses of which are specified in the notice of convening a General Meeting of Shareholders.

The said materials shall be accessible for all the persons participating in the General Meeting of Shareholders during its holding.

On request of any person entitled to participate in a General Meeting of Shareholders, the Company shall provide to him copies of the said documents. The cost charged for the copies may not exceed the cost of making thereof.

12.10.7. Is deleted

*This clause is deleted by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 19.06.2004 (Minutes No.18 dd. 29.06.2004)*

12.10.8. In any case the notice of General Meeting shall contain:

- the full firm-name and location of the Company;
- initiators of convening of such General Meeting of Shareholders, its type (annual or extraordinary) and form of holding (joint presence or absentee voting);
- the date of record to identify the persons entitled to participate in the General Meeting of Shareholders;
- wordings of the resolutions on the items of the agenda included into the voting ballots;
- addresses for reviewing and obtaining copies of the materials presented to the Shareholders in the course of preparing and holding the General Meeting of Shareholders;
- at what address and within what term it is necessary to forward the relevant written remarks and proposals to the said materials and other proposals regarding the items of the agenda;
- the date, place and time of commencing and finishing of registration of the participants of the meeting;
- reminder of the necessity for the participants of the meeting to have an identification document, and for a representative of a Shareholder – a certified power of attorney.

In case a General Meeting of Shareholders is being held in the form of joint presence, the notice shall also contain the date, place and time of holding the General Meeting of Shareholders.

In case a General Meeting of Shareholders is being held in the form of an absentee voting, the notice shall also contain the following information:

- the date of submitting to the Shareholder the voting ballots and other information (materials);
- the deadline for accepting the voting ballots by the Company;
- addresses for acceptance of the voting ballots (mailing addresses and addresses of the places of ballot acceptance);
- the procedure of notification of the Shareholders of the resolutions passed and the results of voting.

In case of including into the agenda of any items, voting of which may result, under the Federal Law on Joint-Stock Companies, in emergence of the Shareholders' right to require the repurchase by the Company of the shares, such notice shall contain also the following information:

- on existence of a Shareholders' right to require the repurchase by the Company of the shares they hold;
- on the price of shares to be repurchased;
- on the procedure and the term of repurchase.

*Special features of notification in case of General Meeting of Shareholders in the form of an absentee voting.*

12.10.9. In case the agenda of the General Meeting of Shareholders in the form of an absentee voting contains any matters voting of which may result under the Federal Law on Joint-Stock Companies in emergence of the Shareholders' right to require repurchase by the Company of the shares, the Shareholders shall be also provided with the special form for written request to repurchase by the Company the shares they hold.

12.10.10. In case the agenda of a General Meeting of Shareholders in the form of an absentee voting contains an item regarding decreasing of the Authorized Capital by acquiring of a part of the outstanding shares for the purpose of their redemption, the Shareholders shall also be provided with a special form for a written application for transferring to the Company of the shares they hold.

### **Article 13. SUPERVISORY BOARD OF THE COMPANY**

13.1. The scope of competence of the Supervisory Board.

The Supervisory Board shall be competent to resolve any questions of general management of the Company, excluding any matters included into the scope of competence of the General Meeting of Shareholders under the Federal Law on Joint-Stock Companies and this Charter.

The Supervisory Board of the Company shall be competent to make decisions on the following matters:

- 1) determination of priority spheres of activities of the Company including attraction of long-term investments;
- 2) convening an annual and extraordinary General Meetings of Shareholders of the Company excluding any cases as stipulated in clause 8, Article 55, of the Federal Law on Joint-Stock Companies;
- 3) approving the agenda of a General Meeting of Shareholders of the Company;
- 4) fixing the date of record for drawing up the list of persons entitled to participate in a General Meeting of Shareholders and other matters within the competence of the Supervisory Board in accordance with provisions in article 12 hereof connected with preparing and holding of a General Meeting of Shareholders;
- 5) proposing to the General Meeting of Shareholders for resolving of any matters stipulated in sub-clauses 2,3,9,12-17 of clause 12.1.1 hereof;
- 6) passing resolutions on increasing the Authorized Capital of the Company by placing additional shares by the Company among the Shareholders within the number and classes (types) of declared shares in accordance with resolutions of a General Meeting of Shareholders with the right to enter the relevant amendments into the Charter of the Company;
- 7) passing resolutions on placing bonds and other issued securities by the Company in cases stipulated in the Federal Law on Joint-Stock Companies and this Charter;
- 8) fixing the price (monetary appraisal) of assets, price of placing and repurchase of issued securities in cases stipulated in the Federal Law on Joint-Stock Companies and sub-clause 9.3. hereof;
- 9) passing resolutions on acquisition of the outstanding shares, bonds and other securities of the Company, as stipulated in this Charter;
- 10) fixing the remuneration of the external Auditor, remuneration and compensation payable to the Members of the Auditing Committee;
- 11) recommendations on the rate of dividends and the procedure of payment thereof;
- 12) passing resolutions on applying the reserve and other funds of the Company;
- 13) approving internal documents of the Company excluding any internal documents subject to approving by the General Meeting of Shareholders under the Federal Law on Joint-Stock Companies, as well as other internal documents of the Company subject to approving by the executive bodies of the Company according hereto;
- 14) passing resolutions on creation of branches and opening of representative offices, entering of the relevant amendments into the Charter of the Company;
- 15) approving a registrar of the Company and the terms and conditions of a contract with him, as well as termination thereof;

- 16) passing resolutions on making large-scale transactions connected with acquisition and alienation of assets in the case stipulated in clause 18.4 hereof;
- 17) passing resolutions on making transactions stipulated in Chapter XI of the Federal Law on Joint-Stock Companies;
- 18) approving the results of placement of additional shares;
- 19) approving the form of request by the Shareholders to repurchase their shares by the Company and the forms of a notice of the Shareholders of transfer of the shares in the Company;
- 20) approving a simplified form of reports by the Company according to the results of its business;
- 21) preliminary approving of annual reports of the Company;
- 22) realization of shares in the Company accounted on the balance sheet of the Company;
- 23) forming the executive bodies of the Company and early termination of their powers, fixing remuneration and compensations to the persons who are Members of the executive bodies of the Company;
- 24) approving the budget of the Company for the next fiscal year, entering amendments thereto;
- 25) determination of the policy in the sphere of obtaining and granting loans, credits, guarantees;
- 26) approving the budget, the structure and the Members of the Supervisory Board;
- 27) resolving any other questions as stipulated in the Federal Law on Joint-Stock Companies and this Charter.

No matters referred to the competence of the Supervisory Board may be delegated for resolving to the executive bodies of the Company.

### 13.2. Election of the Supervisory Board of the Company

13.2.1. The Supervisory Board of the Company shall be elected in the number of 15 members.

13.2.2. Members of the Supervisory Board shall be elected by a General Meeting of Shareholders according to the procedure stipulated herein for the term till the next annual General Meeting of Shareholders. Where any annual General Meeting of Shareholders is not held within the term fixed in the Federal Law on Joint-Stock Companies, the powers of the Supervisory Board shall be terminated, excluding the powers to prepare, convene and hold the annual General Meeting of Shareholders.

13.2.3. Elections of the Members of the Supervisory Board of the Company shall be performed by cumulative voting.

Candidates to the membership of the Supervisory Board of the Company shall be included into the voting ballot as an integrated list.

In such event, the number of votes of each Shareholder participating in election of the Members of the Supervisory Board shall be multiplied by the number of persons to be elected to the Supervisory Board. Any Shareholder may give the votes obtained in such a way completely for any candidate or distribute them among two or more candidates.

13.2.4. The candidates that collect the largest number of votes shall be deemed elected to the Supervisory Board of the Company.

13.2.5. Any persons elected to the Supervisory Board of the Company may be reelected unlimited number of times.

13.2.6. Powers of all the Members of the Supervisory Board of the Company may be simultaneously terminated by resolution of a General Meeting of Shareholders.

### 13.3. Chairman and administration of the Supervisory Board of the Company.

13.3.1. Functioning of the Supervisory Board of the Company shall be arranged by its Chairman or, on his instructions, the first Vice-Chairman and the Vice-Chairman of the Supervisory Board of the Company. One of the above persons shall perform his functions on continuing basis.

13.3.2. The Chairman of the Supervisory Board shall be elected by the Members of the Supervisory Board from their number by two-thirds majority of the total number of votes of the Members of the Supervisory Board of the Company.

13.3.3. The First Vice-Chairman and the Vice-Chairman of the chairman of the Supervisory Board shall be elected by the Members of the Supervisory Board by majority of votes of the total number of Members of the Supervisory Board of the Company.

13.3.4. The Chairman of the Supervisory Board shall preside at the meetings of the Supervisory Board, cause taking minutes at the meetings, and preside at the General Meetings of Shareholders.

13.3.5. In case of absence of the Chairman of the Supervisory Board, his functions shall be performed by any of the Vice-Chairmen.

13.3.6. To provide for due functioning of the Supervisory Board, the Company shall form a permanently acting administration of the Supervisory Board.

13.3.7. If necessary, the Supervisory Board may form committees and commissions from the number of Members of the Council and (or) other persons to prepare materials for resolving of any matters included into the agenda of its meetings.

13.4. Arranging of work of the Supervisory Board of the Company, the quorum and the procedure of passing resolutions.

13.4.1. The procedure of calling, holding meetings and passing resolutions by the Supervisory Board shall be fixed in the Regulations on the Procedure of Calling and Holding the Meetings of the Supervisory Board of the Company approved by a General Meeting of Shareholders of the Company.

13.4.2. At least half of the elected Members of the Supervisory Board shall constitute quorum for the meeting of the Supervisory Board of the Company, unless otherwise provided hereby.

13.4.3. Resolutions at a meeting of the Supervisory Board of the Company shall be passed by majority of votes of the Members of the Supervisory Board participating in the meeting excluding the following cases:

resolutions on any matters mentioned in sub-clauses 6 and 16 of clause 13.1 hereof shall be passed unanimously by the Members of the Supervisory Board participating in the meeting or in the absentee voting;

resolutions on any matters as specified in sub-clauses 5,7,8 and 22 of clause 13.1 hereof shall be passed by three-fourths majority of votes of the Members of the Supervisory Board;

resolutions on making transactions in the cases as stipulated in article XI of the Federal Law on Joint-Stock Companies, shall be passed by majority of votes of the Members of the Supervisory Board of the total number of elected Members of the Supervisory Board not interested in such transaction.

13.4.4. While passing of resolutions at the meetings of the Supervisory Board, each member of the Supervisory Board shall have one vote. In case of equality of votes in a voting, the vote of the Chairman of the Supervisory Board shall be casting.

13.4.5. No transfer of the voting right by a Member of the Supervisory Board to any other person, including to any other Member of the Supervisory Board, shall be allowed.

13.4.6. Any Member of the Supervisory Board necessarily absent from a meeting of the Supervisory Board may submit to the administration of the Supervisory Board his/her written opinion on the matters included into the agenda of the Supervisory Board by the date of the meeting.

In such event the opinion of the absent Member of the Supervisory Board shall be accounted at determination of quorum and the results of voting.

13.4.7. Resolutions of the Supervisory Board may be passed by an absentee voting.

The procedure of passing resolutions by absentee voting shall be set forth in the Regulations on the Procedure of Calling and Holding the Meetings of the Supervisory Board.

#### **Article 14. EXECUTIVE BODIES OF THE COMPANY (SOLE AND PLURAL)**

14.1. Day-to-day activities of the Company shall be managed by its President (the sole executive body) and the Executive Committee (the plural executive body of the Company).

The President shall be the Chairman of the Executive Committee.

14.2. The rights and obligations of the Members of the Executive Committee are determined in the Federal Law on Joint-Stock Companies, other legal acts of the Russian Federation and employment contract to be made by and between each of them and the Company. On behalf of the Company, the contract shall be signed by the Chairman of the Supervisory Board, or any person authorized by the Supervisory Board.

The rights and obligations of the President of the Company are determined in the Federal Law on Joint-Stock Companies, other legal acts of the Russian Federation, this Charter and employment contract which on behalf of the Company shall be signed by the Chairman of the Supervisory Board, or any person authorized by the Supervisory Board. The standard form of fixed term employment contract with the President of the Company shall be approved by the Supervisory Board.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 25.06.2005 (Minutes No.19 dd. 08.07.2005)*



14.3. The executive bodies of the Company (sole and plural) shall be competent to resolve any questions regarding management of the day-to-day activities of the Company, excluding any matters referred to the competence of the General Meeting of Shareholders and the Supervisory Board.

14.4. The executive bodies of the Company shall cause performing of resolutions of the General Meeting of Shareholders and the Supervisory Board of the Company.

The President and the Executive Committee shall be accountable to the General Meeting of Shareholders and the Supervisory Board.

14.5. The President of the Company shall act on behalf of the Company without power of attorney, and shall:

- have the right of the first signature onto the financial documents;
- dispose of assets of the Company for provision of its current activities, with the exception of any cases stipulated by this Charter;
- represent interests of the Company both in Russia and abroad;
- approve the manning-table, conclude employment contracts with the employees of the Company, apply measures of motivation and impose penalties thereon;
- manage activities of the Executive Committee, preside at its meetings;
- propose to the Supervisory Board for approving the list of Members of the Executive Committee;
- make transactions on behalf of the Company, with the exception of any cases stipulated by the Federal Law on Joint-Stock Companies and this Charter;
- issue powers of attorney on behalf of the Company;
- arrange accounting and reporting of the Company;
- perform other functions necessary for attaining objects of the Company and provision of its normal work in accordance with the current legislation and this Charter excluding any functions assigned hereby to the other bodies of the Company.

The Company's President shall take measures to reveal and collect any losses incurred to the Company.

14.6. Within the scope of his competence, the President shall give orders and instructions binding the staff-members of the Company.

14.7. The President of the Company shall be appointed by the Supervisory Board.

The term of President's powers and the terms and conditions of his activity shall be fixed in a contract concluded with him. The termination of the powers of the Supervisory Board shall not cause the termination of the powers of the President of the Company.

14.8. The scope of competence of the Executive Committee shall include:

- 1) passing resolutions on any questions proposed by the President of the Company (Chairman of the Executive Committee) for consideration regarding day-to-day management of the Company's activities;
- 2) approving of the organizational structure of the Company and the status of the subdivisions and functional services;
- 3) arranging of accounting and reporting of the Company, preparing and submitting of an annual report, accounting balance sheet, profit and loss account, procedure and distribution of profits and losses of the Company, to the Supervisory Board and the General Meeting of Shareholders;
- 4) determination of the general guidelines for arranging of contractual work in the Company;
- 5) determination of the general principles of foreign economic activities of the Company;
- 6) staff policy in the Company, including but not limited to approving of the Regulations on Titles and Awards of the Company.
- 7) passing resolutions on realization of shares in the Company by the Company to its staff-members on favorable conditions;
- 8) approving of normative technical documentation.

14.9. On request of the President, the Executive Committee shall prepare draft resolutions on any questions proposed for consideration by the Supervisory Board.

14.10. The Executive Committee shall be formed in the number to be fixed by the Supervisory Board. The Members of the Executive Committee shall be approved by the Supervisory Board upon proposal of the President of the Company.

The Executive Committee shall act with the authority of this Charter, as well as the approved Regulations on the Procedure of Calling, Holding the Meetings and Passing Resolutions by the Executive Committee, other internal documents of the Company.

*This clause is amended by the resolution of the annual General Meeting of the Shareholders of ALROSA Company Limited (Closed Joint-Stock Company) dd. 25.06.2005 (Minutes No.19 dd. 08.07.2005)*

14.11. Holding of more than one office by the person exercising the functions of the President or the Member of the Executive Committee in managerial bodies of other entities shall be allowed only with consent of the Supervisory Board, except when representing the Company's interests in the managerial bodies of legal entities with participation of the Company in their Authorized Capital.

#### **Article 15. RESPONSIBILITY OF MEMBERS OF THE SUPERVISORY BOARD AND MEMBERS OF THE EXECUTIVE BODIES OF THE COMPANY**

15.1. While exercising their rights and obligations, the Members of the Supervisory Board, the President and the Members of the Executive Committee shall act for the benefit of the Company, shall exercise their rights and obligations in respect of the Company fairly and reasonably.

15.2. The Members of the Supervisory Board of the Company, the President and the Members of the Executive Committee shall bear responsibility to the Company for any losses caused to the Company through their faulty acts (omissions), unless other grounds and scope of responsibility are fixed by the federal laws.

In such event those Members of the Supervisory Board that vote against the resolution that caused losses to the Company or fail to participate in voting shall bear no responsibility.

15.3. In determination of grounds and the scope of responsibility of the Members of the Supervisory Board, the President and Members of the Board, it is necessary to take in consideration ordinary terms of business intercourse and other circumstances essential for the case.

15.4. In case, in accordance with the provisions of this article hereof, more than one person bear responsibility, their responsibility to the Company shall be several and joint.

15.5. The Company or any Shareholder (Shareholders) holding jointly at least 1 percent of the outstanding ordinary shares in the Company, may make a claim in court against any Member of the Supervisory Board, the President and a Member of the Executive Committee for indemnification of losses inflicted on the Company.

#### **Article 16. AUDITING COMMITTEE OF THE COMPANY**

16.1. The Auditing Committee shall perform control over financial and economic activities of the Company. The procedure of the Auditing Committee's functioning shall be set forth in Regulations on the Procedure of Functioning of the Auditing Committee approved by General Meeting of Shareholders.

16.2. The Auditing Committee shall be elected at General Meeting of Shareholders, in the number of 5 Members.

No shares held by the Members of the Supervisory Board, the Executive Committee and the President of the Company may participate in voting in elections of the Members of the Auditing Committee.

The term of powers of the Auditing Committee shall be calculated beginning from its election at the annual General Meeting of Shareholders and up to the date of its election (reelection) at the next annual General Meeting of Shareholders.

16.3. Powers of any Members or the whole Auditing Committee may be early terminated by the resolution of General Meeting of Shareholders.

In case the number of Members of the Auditing Committee becomes less than a half of the number fixed herein, the Supervisory Board shall convene an extraordinary General Meeting of Shareholders for election of a new membership of the Auditing Committee. The rest of the Members of the Auditing Committee shall perform their functions till election of the new membership of the Auditing Committee at an extraordinary General Meeting of Shareholders.

In case of early termination of powers of the Auditing Committee, the powers of the new membership of the Auditing Committee shall be valid till the time of election (reelection) of the Auditing Committee at an annual General Meeting of Shareholders.

16.4. Both a Shareholder and any other person proposed by a Shareholder may be a Member of the Auditing Committee. Members of the Auditing Committee of the Company may not be Members of the Supervisory Board, the Executive Committee, the Liquidating Committee and the President at the same time, as well as be Members of the Counting Commission.

16.5. Audit of financial and economic activities of the Company shall be performed according to the results of activities of the Company in a year.

Audit of financial and economic activities of the Company shall be performed also at any time:

on the initiative of the Auditing Committee of the Company;

by the resolution of the General Meeting of Shareholders;

by the resolution of the Supervisory Board of the Company;

on request of a Shareholder (Shareholders) of the Company holding jointly at least 10 percent of voting shares in the Company on any matters referred to the competence of the General Meeting of Shareholders as of the date of requesting.

16.6. On request of the Auditing Committee, any persons occupying offices in the managerial bodies of the Company shall provide the documents on financial and economic activities of the Company.

16.7. The Auditing Committee of the Company may require convening the extraordinary General Meeting of Shareholders in the order stipulated herein.

16.8 The reliability of any data contained in an annual report of the Company, annual accounts, shall be confirmed by the Auditing Committee of the Company.

16.9. On the results of auditing of the financial and economic activities of the Company, the Auditing Committee shall draw up a Report containing the following:

confirmation of reliability of the data in the accounts and other financial documents of the Company;

information on the facts of non-observance of the order of accounting and submitting financial statements as established by the legal acts of the Russian Federation, as well as violation of any legal acts of the Russian Federation in the course of conducting its business activities.

#### **Article 17. REGISTER OF SHAREHOLDERS**

17.1. The Company shall entrust to maintain and keep the Register of Shareholders to a special Registrar in the order stipulated in the applicable legislation of the Russian Federation.

17.2. The Register of Shareholders of the Company shall contain data regarding each registered person (a Shareholder or a nominee holder of shares), the number and class (types) of the shares recorded in the name of each registered person, other information as stipulated in the legal acts of the Russian Federation.

17.3. A person registered in the Register of Shareholders of the Company shall timely inform the holder of the Register of Shareholders of the Company of any change in its details. In case such person fails to provide the information of any change in its details, the Company and the specialized registrar shall bear no responsibility for the losses incurred for this reason.

#### **Article 18. LARGE-SCALE TRANSACTIONS**

18.1. A transaction or several mutually connected transactions (including a loan, credit, pledge, guarantee), connected with acquisition, alienation or possibility of alienation by the Company either directly or indirectly of assets shall be deemed large-scale, if such assets constitute at least 25% of the balance sheet value of the assets of the Company as determined according to the accounts as of the last accounting date, excluding any transactions being effected in the course of ordinary business activity of the Company, transactions connected with placing by subscription (realization) of ordinary shares in the Company, and transactions connected with placing of issued securities convertible into ordinary shares in the Company.

In case of alienation or occurring of possibility of alienation of assets, the balance sheet value of the assets of the Company shall be compared with the cost of such assets as fixed in the accounting records, and in case of acquisition of any assets – the price of its acquisition.

18.2. For the purpose of passing by the Supervisory Board of the Company and the General Meeting of Shareholders a resolution on approving of any large-scale transaction, the price of the assets (services) being alienated or acquired shall be determined by the Supervisory Board of the Company in accordance with Article 77 of the Federal Law on Joint-Stock Companies and clause 9.3 hereof.

18.3. A large-scale transaction shall be approved by the Supervisory Board or the General Meeting of Shareholders in accordance with article 79 of the Federal Law on Joint-Stock Companies.

18.4. A resolution on approving of a large-scale transaction, the subject of which is any assets the value of which is equal or exceeds 25 percent but is less than 50 percent of the balance sheet value of the Company's assets, shall be passed by the Members of the Supervisory Board unanimously; no votes of retired Members of the Supervisory Board of the Company shall be accounted in such event.

Where the Supervisory Board of the Company fails to approve unanimously the large-scale transaction, the question on approving of the large-scale transaction may (on the resolution of the Supervisory Board of the Company) be proposed to the General Meeting of Shareholders for resolving. In such event approving of such large-scale transaction shall be performed by the General Meeting of Shareholders by majority of votes of holders of voting shares participating in the General Meeting of Shareholders.

18.5. A resolution on approving of a large-scale transaction, the subject of which is assets constituting 50% of the balance sheet value of the assets of the Company, shall be passed by the General Meeting of Shareholders by three-thirds majority of holders of the voting shares participating in the General Meeting of Shareholders.

18.6. The resolution on approving of a large-scale transaction shall specify the person (persons) being its party (parties), beneficiary (beneficiaries), the price, the subject of the transaction and other its essential terms and conditions.

18.7. In case the large-scale transaction is at the same time a transaction in which any interest exists, its effecting shall be subject to the provisions of article 19 hereof and Chapter XI of the Federal Law on Joint-Stock Companies only.

18.8. A large-scale transaction effected with violation of the requirements of this article may be recognized invalid by any claim of the Company or a Shareholder.

#### **Article 19. INTEREST IN ANY TRANSACTION TO BE ENTERED BY THE COMPANY**

19.1. Any transactions (including a loan, credit, pledge, guarantee) in respect of which any interest exists of any Member of the Supervisory Board, a person holding (acting for) other office in the managerial bodies (including any office of a manager of a structural subdivision or his deputy) of the Company or its Shareholder holding jointly with affiliated persons 20 or more percent of voting shares in the Company, as well as a person entitled to give instructions binding the Company, shall be effected by the Company in accordance with the provisions of this article.

The said persons shall be recognized interested in effecting of any transaction by the Company if any of them, their spouses, parents, children, blood or step-brothers or sisters, adoptive parents and adopted persons or their affiliated persons:

are a party, beneficiary, intermediary or representative in such transaction;

hold (each separately or jointly) 20 and more percent of shares (interests) in a legal entity being a party, beneficiary, intermediary or representative in the transaction;

hold offices in the managerial bodies of the legal entity being a party, beneficiary, intermediary or representative in the transaction, as well as offices in a managing institution of such legal entity.

19.2. The provisions of this article shall not be applied in respect of:

any transactions in which all the Shareholders of the Company are interested;

in case of exercising the preemption right to acquire shares placed by the Company.

in case of acquisition and repurchase by the Company of any outstanding shares.

19.3. Any persons specified in clause 19.1 hereof shall notify the Supervisory Board, the Auditing Committee of the Company and the external Auditor of the Company of the following information:

a) on the legal entities in which they hold independently or jointly with its affiliated person (persons) 20 or more percent of voting shares (interests);

b) on the legal entities in managerial bodies whereof they hold offices;

c) on any effected or proposed transaction known to them in respect of which they may be recognized interested persons.

Any information specified in sub-clauses "a" and "b" of the present clause shall be notified to the said managerial bodies (persons) of the Company within the term fixed by the President of the Company, but in any case not later than within 40 days after the approving of this Charter (new version), and information set forth in sub-clause "c" of this clause – upon occurring of the circumstances specified in that sub-clause, but not later than the date of passing resolution by the Company on making of such transaction (transactions).

19.4. The requirements to the procedure of making transactions in which any interest exists as determined in clause 19.1 hereof shall be as provided in Article 83 of the Federal Law on Joint-Stock Companies, this Charter and internal acts of the Company.

19.5. Any transaction in respect of which any interest exists made with violation of the requirements fixed for such transaction may be recognized as invalid under a claim of a Company or a Shareholder.

An interested person shall be liable to the Company in the amount of losses caused by him (it) to the Company, and in case of existing of an employment agreement (contract) between such person and the Company – shall bear disciplinary responsibility up to dismissal in the established order.

19.6. Concurrent holding of any offices in any other entities (except as in cases stipulated in clause 14.11 hereof) by any persons (including managers of the structural subdivisions and their deputies), may be done only upon consent of the Executive Committee or the President, and this shall be set forth in employment agreements (contracts) made between the Company and such persons.

## **Article 20. AFFILIATED PERSONS OF THE COMPANY**

20.1. Any person shall be recognized affiliated in accordance with the requirements of the legislation of the Russian Federation.

20.2. Affiliated persons of the Company shall notify the Company in writing of any shares in the Company they hold specifying their number and classes (types) within 10 days after the date of acquiring of such shares.

20.3. In case of any property damage to the Company by the reason of any failure to provide or undue provision by an affiliated person of the above information, such affiliated person shall bear responsibility in the amount of the damage caused.

20.4. The Company shall record its affiliated persons and shall submit the relevant reports thereon in accordance with the legislation of the Russian Federation.

## **Article 21. ACCOUNTING AND REPORTING. FUNDS OF THE COMPANY**

21.1. Any profit (income) that remains within the Company after payment of taxes and other payments and dues to the budget and off-budget funds shall be at Company's disposal and shall be applied at its discretion.

To secure the liabilities of the Company, its production and social development at the expense of profits (income) that remains after payment of taxes, dues and other charges, the Company shall form the relevant special purpose funds.

21.2. The Company shall form a reserve fund in the amount of 20 percent of the Authorized Capital of the Company.

The reserve fund of the Company shall be formed by obligatory annual deductions.

The amount of annual deductions may not exceed 5 percent of the net profit up to achieving of the amount fixed in this Charter.

The reserve fund of the Company is designated to cover its losses as well as redemption of bonds of the Company and repurchase of shares in the Company in case of absence of other resources.

The reserve fund may not be used for any other purposes.

21.3. The accounting policy, arranging of circulation of documents in the Company and its structural subdivisions shall be determined by an order of the President of the Company.

21.4. The fiscal year of the Company shall be from 1 January till 31 December.

## **Article 22. EXTERNAL AUDITOR OF THE COMPANY**

22.1. An external Auditor of the Company (either an individual or an auditing firm) shall audit the Company's business activities in accordance with the legislation of the Russian Federation under a contract made with him (it).

22.2. The General Meeting of Shareholders shall approve the external Auditor of the Company on the basis of an open competition for choosing the auditor.

The remuneration of the external Auditor shall be fixed by the Supervisory Board of the Company.

22.3. According to the results of business activities of the Company, the external auditor of the Company shall draw up a report containing the following:

confirmation of reliability of the data contained in the accounts and other fiscal documents of the Company;

information on the facts of violation of the accounting procedure and the order of submitting the financial statements, as well as any legal acts of the Russian Federation in the course of conducting business.

22.4. Internal audit of the Company shall be performed by the Auditing Committee.

22.5. The audit of the Company's activities shall be performed at any time on the request of Shareholders jointly holding at least 10 percent of voting shares in the Company on any matters referred to the competence of the General Meeting of Shareholders as of the date of making such request, by an external Auditor of the Company.

22.6. Any Shareholders initiating an audit shall forward a written request to the Supervisory Board.

Such request shall contain:

clearly stated reasons for such request;

full names of the Shareholders;

information on the shares they hold (number, class, type);

personal numbers of the Shareholders in the Register.

The request shall be signed by the Shareholder or his attorney. Where the request is signed by an attorney, the relevant power of attorney should be attached thereto.

Where the request is initiated from shareholder – a legal entity, the signature of a representative of such legal entity acting with the authority of its Articles of Association (By-laws) without power of attorney, shall be certified by the seal of such legal entity. Where the request is signed by a representative of the legal entity acting on its behalf under a power of attorney, such request shall be attached with the said power of attorney.

22.7. A request of the initiators of audit shall be forwarded by an insured letter at the address of the Supervisory Board with acknowledgement of receipt or filed with the administration of the Supervisory Board.

The date of filing the request shall be fixed as the date of acknowledgement of its receipt or the date of direct delivery to the secretary of the Supervisory Board.

22.8. Within 10 days after the date of request filing, the Supervisory Board shall pass a resolution on performing audit of the Company's business and the amount of remuneration payable to the external Auditor or shall state a reasoned refusal to perform an audit.

22.9. The Supervisory Board may refuse to perform an audit of the Company's business in the following cases:

if the requesting Shareholders hold less number of voting shares than it is stipulated therein as of the time of request;

if the request is initiated by any persons not registered in the register of Shareholders and (or) having no representation powers granted by the relevant Shareholders;

if the request contains incomplete data;

if the Shareholders initiating the audit fail to pay its costs.

22.10. Where, within 10 days the Supervisory Board fails to pass resolution to perform an audit and the remuneration payable to the external Auditor, or fails to send a reasoned refusal to perform an audit by an insured letter, the initiators of the audit may require convening of an extraordinary meeting of the Supervisory Board.

An extraordinary meeting of the Supervisory Board shall pass resolution on performing the audit of Company's activities within the term consented with the external Auditor of the Company, and shall fix the remuneration payable thereto. The relevant resolution of the Supervisory Board regarding the terms of the audit shall be sent by an insured letter at the address of the initiators of the audit.

22.11. A report of the external Auditor of the Company shall be approved at a meeting of the Supervisory Board following the audit and shall be sent by an insured letter at the address of initiators of the audit.

22.12. Initiators of the audit may at any time prior to passing resolution by the Supervisory Board on performing the audit of activities of the Company, revoke its request by a written notice given to the Supervisory Board.

22.13. The initiators of such audit shall bear the cost of audit initiated by the Shareholders. By resolution of the General Meeting of Shareholders, such cost may be born by the Company with the relevant compensation payable to the initiating Shareholders.

### **Article 23. INFORMATION ON THE COMPANY**

23.1. The Company shall provide for its Shareholders access to the documents specified in clause 24.1 hereof. Shareholders (a Shareholder) holding at least 25 percent of voting shares in the Company shall have access to the accounting documents and minutes of meetings of the plural executive body.

Any documents provided in clause 24.1 hereof shall be presented by the Company within seven days after filing the relevant request for reviewing them on the premises of the executive body of the Company. The Company shall, on request of the persons having access to the documents, provide them with the copies of the said documents. The cost charged by the Company for providing such copies may not exceed the cost of making of the same.

23.2. In case of public placing of bonds and other securities by the Company, the Company shall publish the information in the order fixed by the federal executive body in charge of the securities market.

### **Article 24. DOCUMENTS OF THE COMPANY**

24.1. The Company shall keep the following documents:

Foundation Agreement of the Company;

Charter of the Company, any amendments and supplements entered into the Charter of the Company and duly registered, the resolution on establishing of the Company, the certificate of state registration of the Company;

documents evidencing rights of the Company in property included into its balance sheet;

internal documents of the Company approved by the General Meeting of Shareholders, the Supervisory Board, the Executive Committee;

regulations on branches and representative offices of the Company;

annual reports;

bookkeeping documents;

financial statements;

minutes of General Meetings of Shareholders, meetings of the Supervisory Board, the Auditing Committee of the Company and the Executive Committee;

ballots for voting, as well as instruments of proxy (copies thereof) for participation in General Meeting of Shareholders;

reports of independent appraisers;

the list of affiliated persons of the Company;

lists of persons entitled to participate in the General Meeting of Shareholders, entitled to receive dividends, as well as other lists drawn up by the Company for the purpose of exercising the rights by the Shareholders in accordance with the Federal Law on Joint-Stock Companies;

certificates of the Auditing Committee of the Company, the external Auditor of the Company, any state and municipal bodies of financial control;

issue prospectuses, quarterly reports of the issuer and other documents containing information subject to publishing or other disclosing in accordance with the Federal Law on Joint-Stock Companies and other federal laws;

other documents provided in the Federal Law on Joint-Stock Companies, the Charter of the Company, internal documents of the Company, resolutions of the General Meeting of Shareholders, the Supervisory Executive Committee, managerial bodies of the Company, as well as any documents provided in legal acts of the Russian Federation.

24.2. The Company shall keep any documents stipulated in clause 24.1 on the premises of its executive body in the order and within the term as fixed by the federal executive body in charge of the securities market.

### **Article 25. REORGANIZATION OF THE COMPANY**

25.1. The Company may be voluntarily reorganized by the resolution of General Meeting of Shareholders.

Any other grounds and the procedure of reorganization of the Company are determined in the Civil Code of the Russian Federation and the federal laws.

25.2. Reorganization of the Company may be performed in the form of amalgamation, joining, division, separation and conversion into another legal form in the order stipulated in the Federal Law on Joint-Stock Companies.

25.3. The Company shall be deemed reorganized (excluding any cases of reorganization in the form of joining) upon state registration of newly formed legal entities.

In the course of reorganization of the Company by joining any other company, the first one shall be deemed reorganized upon entering amendments into the integrated state register of legal entities of a record on termination of such joined entity.

25.4. In case of reorganization of the Company, the relevant amendments shall be entered into this Charter; the Company shall draw up a transfer certificate or a division balance sheet.

The transfer act or the division balance sheet shall be approved by the General Meeting of Shareholders by majority of votes of the holders of voting shares in the Company (or their proxies) participating in the meeting.

25.5. Within 30 days after the day of passing a resolution on reorganization of the Company, and in case of reorganization of the Company in the form of amalgamation or joining – after the date of passing a relevant resolution by the last company participating in amalgamation or joining, the Company shall notify its creditors in writing and shall publish in press/media designed to publish information on state registration of legal entities, a notice of the resolution passed. In such event the creditors of the Company may, within 30 days after sending a notice to them and within 30 days after publishing a notice of the resolution passed, require in writing advance termination or performance of the relevant obligations of the Company and indemnification of losses.

Where the division balance sheet or the transfer certificate do not allow to determine the successor of the reorganized Company, the legal entities formed as the result of reorganization shall bear joint and several responsibility for the obligations of the reorganized Company to its creditors.

## **Article 26. COMPANY LIQUIDATION PROCEDURE. LIQUIDATION COMMITTEE**

26.1. The Company may be liquidated voluntarily in the order fixed in clause 2 of article 61 of the Civil Code of the Russian Federation taking into account the requirements of the Federal Law on Joint-Stock Companies and this Charter. The Company may be liquidated by court award on the grounds stipulated in clause 2 of article 61 of the Civil Code of the Russian Federation.

Liquidation of the Company causes its termination without transfer of rights and obligations in the order of succession to other persons.

26.2. In case of voluntary liquidation of the Company, its Supervisory Board shall propose to the General Meeting of Shareholders a question of liquidation of the Company for passing a resolution and appointing of the Liquidating Committee.

The General Meeting of Shareholders of the Company being voluntarily liquidated, shall pass a resolution on liquidation of the Company and appointing of a Liquidating Committee in the number equal to the number of Members of the Supervisory Board as fixed in this Charter.

The procedure of nomination of candidates to be elected to the Liquidating Committee and the procedure of voting thereon shall be determined in the Regulations on the Liquidating Committee.

In case of compulsory liquidation, the Liquidating Committee shall be appointed by court that shall fix the number of its Members.

26.3. Upon appointing a Liquidating Committee, any powers to manage Company's affairs shall be transferred to it. The Liquidating Committee shall represent the Company in court.

The Liquidating Committee shall bear responsibility for any damage caused to the Company, its Shareholders or any third persons in accordance with the norms of the civil law.

26.4. The Liquidating Committee shall publish in press/media which publish information on registration of legal entities, an advertisement on liquidation of the Company, the procedure and the term for making claims by the creditors. The term of making claims may not be less than two months after publishing of the advertisement on liquidation of the Company.



26.5. Where, as of the time of passing resolution on liquidation of the Company, the Company bears no liability to its creditors, its assets shall be distributed among the Shareholders in accordance with clauses 26.10-26.12 hereof.

26.6. The Liquidating Committee shall take the necessary measures to identify the creditors and receive any accounts receivable, as well as shall notify the creditors in writing of liquidation of the Company.

26.7. On the expiration of the term for making claims by the creditors, the Liquidating Committee shall draw up an interim liquidation balance sheet containing information regarding composition of assets of the liquidated Company, any claims made by the creditors, as well as the results of consideration of the same. The interim liquidation balance sheet shall be approved by General Meeting of Shareholders.

26.8. Where the funds of the Company are insufficient for satisfying the claims of the creditors, the Liquidating Committee shall sell another property of the Company at a public auction as provided for the execution of court awards.

26.9. Payments to the creditors of the liquidated Company of money shall be performed by the Liquidating Committee in the order of priority as stipulated in the Civil Code of the Russian Federation in accordance with the interim liquidation balance sheet as from the date of approving thereof.

26.10. Any assets of the liquidated Company remained upon settlements with the creditors, shall be distributed among the Shareholders with observing the following priority:

at first, there shall be settled all payments on the shares which must be repurchased in accordance with the article 75 of the Federal Law on Joint-Stock Companies;

in the second place, there shall be paid the dividends on the preference shares that have been already calculated but not paid yet, and the liquidation value of the preference shares;

in the third place, distribution of the assets of the liquidated Company among the holders of the ordinary shares and of all the classes of the preference shares shall be made.

26.11. Distribution of the assets of each priority shall be made after the full distribution of assets of the preceding priority.

In the event the assets of the Company are insufficient for payment of calculated but not paid dividends and liquidation value of the preferred shares fixed by this Charter to all the holders of the preference shares, the assets shall be distributed among the holders of the preference shares proportionally to the number of shares they hold.

26.12. With the consent of the Meeting of the Shareholders, at the request of the receiving person, the return of the free balance of the assets may be made in the form of assets that he invested against the shares. In this event, if the cost of the said assets exceeds the payable amount, the recipient shall be obliged to pay the difference to the Company, or otherwise he shall receive only the money to be returned.

The assets transferred by the shareholders to the Company for use shall be returned in kind without any compensation as of the time of liquidation.

26.13. The liquidation of the Company shall be deemed completed, and the Company shall be deemed liquidated upon entering of the corresponding record into the State Register of Legal Entities.