

Approved
by the annual General Meeting
of Transneft, JSC
(Minutes No. 1 dd. June 28, 2002);

(Amendments made by the annual General
Meeting of Transneft, JSC,
minutes No. 1, 2004)

**Regulation
on the Board of Directors
of Oil Transporting Joint Stock Company Transneft**

Moscow

1. General Provisions

1.1. The Board of Directors of Oil Transporting Joint Stock Company Transneft (hereinafter referred to as the Company) shall be the collective management body and perform the general management of the Company's activity in between General Meetings, except when deciding on matters referred to the competence of the General Meeting by the laws of the Russian Federation and Charter of the Company.

1.2. The Board of Directors of the Company shall carry out its activity in line with the requirements of the applicable laws of the Russian Federation on the basis of the Charter of the Company and this Regulation.

2. Competence of the Board of Directors

2.1. The competence of the Board of Directors of the Company includes:

- 1) determination of priority activities of the Company;
- 2) convening annual and extraordinary General Meetings of the Company, except for the cases provided for by Clause 27.3 of the Charter of the Company;
- 3) approval of the agenda of the General Meeting;
- 4) determination of the date of drawing up the list of persons entitled to participate in the General Meeting and other matters referred to the competence of the Board of Directors of the Company related with preparation and conduction of the General Meeting;
- 5) Company's placement of bonds and other issue-grade securities in the cases provided for by the Federal Law "On joint-stock companies";
- 6) determination of the price (money value) of the property, the price of placement and redemption of issue-grade securities in line with Article 77 of the Federal Law "On joint-stock companies";
- 7) purchase of shares, bonds and other securities placed by the Company in the cases provided for by the Federal Law "On joint-stock companies";
- 8) formation of the collective executive body (Management Board) of the Company and early termination of its powers;
- 9) recommendations on the amount of remunerations and compensations paid to members of the Revision Commission of the Company and determination of payment for the auditor's services;
- 10) recommendations concerning the amount of dividends under shares and procedure for their payment;
- 11) use of the reserve fund and other funds of the Company;
- 12) approval of the Company's bylaws, except the bylaws, approval of which is referred to the competence of the General Meeting by the Federal Law "On joint-stock companies", as well as other bylaws of the Company, approval of which is referred to the competence of executive bodies of the Company by the Charter.
- 13) branching and opening representative offices of the Company;
- 14) approval of large transactions provided for by Chapter X of the Federal Law "On joint-stock companies";
- 15) approval of transactions provided for by Chapter XI of the Federal Law "On joint-stock companies";
- 16) approval of the Company's registrar and conditions of agreement with the latter, as well as termination of agreement with the registrar;
- 17) determination of position of the Company (representatives of the Company) on the items of the agenda of the boards of directors' and general meetings (of shareholders) of subsidiary business entities (including the mode of voting on items of agendas):
 - reorganization of the company; liquidation of the company;

- determination of the number, face value, category (type) of declared shares and rights conferred by these shares;
- increase of the authorized capital by way of increasing face value of shares or by way of allotting additional shares;
- splitting and consolidating shares of the company;
- approval of large transactions;

18) other items provided for by the Federal Law “On joint-stock companies” and the Charter of the Company.

The matters referred to the competence of the Board of Directors of the Company cannot be remitted to the executive body of the Company.

3. Composition of the Board of Directors

3.1. The Board of Directors of the Company shall consist of 9 individuals. Members of the Board of Directors shall be elected by the General Meeting of the Company in line with the procedure provided for by the Federal Law “On joint-stock companies” and the Charter of the Company for the term until the next annual General Meeting.

When passing resolution at the Board of Directors’ meeting each member of the Board of Directors shall have one vote. In case of tie vote the vote of the Chairman shall be decisive.

3.2. Members of the Management Board cannot make more than one fourth of the composition of the Board of Directors of the Company. The person that performs functions of the sole executive body (President) of the Company cannot at the same time be the chairman of the Board of Directors of the Company.

Only a natural person can be a member of the Board of Directors of the Company. A member of the Board of Directors of the Company doesn’t have to be a shareholder of the Company.

Members of the Revision Commission and the counting commission of the Company cannot be members of the Board of Directors.

4. Term of office of members of the Board of Directors

4.1. Term of office of members of the Board of Directors shall be till the next annual General Meeting.

4.2. If the annual General Meeting hasn’t been conducted within the terms established by Clause 1 of Article 47 of the Federal Law “On joint-stock companies”, powers of the Board of Directors of the Company shall be terminated, except for the powers on preparing, convening and conducting the annual General Meeting.

5. Procedure and terms of nominating candidates to the Board of Directors for election at the annual General Meeting

5.1. Shareholders (shareholder) of the Company, which jointly own at least 2% of voting shares of the Company, shall be entitled to nominate candidates to the Board of Directors of the Company for election at the annual General Meeting not later than 60 days after the financial year end.

Number of candidates listed in one proposal cannot exceed the quantitative composition of the Board of Directors. The proposal may contain formulation of resolution under the proposed item.

5.2. Proposal to nominate candidates shall be made in writing with indication of the name of the nominating shareholders (shareholder), number and category (type) of their shares and they should be signed by shareholders (shareholder) and addressed to the Board of Directors of the Company.

The date of making the proposal shall be determined by the date of its registration in the records office of the Company.

5.3. Proposal on nomination of candidates shall be accompanied by:

- written consent of the candidate to run for the Board of Directors,
- information about each of the proposed candidate;
- full name;
- date of birth;
- information about education, including professional development (name of educational institution, date of graduation and qualification);
- information about work place and position over the last 5 years;
- information about positions held in the bodies of other legal entities for the last five years;
- list of legal entities of which the candidate is a member, with indication of his/her shares in the authorized (joint-stock) capital of these legal entities;
- list of persons with regard to which the candidate is an affiliated person with indication of the grounds for affiliation.

5.4. The Board of Directors of the Company shall consider the received proposal and pass resolution to include it into the agenda of the General Meeting or to refuse to include it into the mentioned agenda within five days after the deadline established by Clause 26.3 of the Charter of the Company. The nominated candidates shall be included into the list of candidates for voting on elections to the Board of Directors, unless:

- shareholders (shareholder) haven't complied with the term established by Clause 26.3 of the Charter of the Company;
- shareholders (shareholder) are not owners of the number of voting shares of the Company provided for by Clause 26.3;
- the proposal shall not comply with the requirements provided for by Clauses 26.3., 26.4. and 26.5. of the Charter of the Company and Clause 5.3. of this Regulation.

5.5. Motivated resolution of the Board of Directors of the Company on refusal to include the proposed item to the agenda of the General Meeting and a candidate to the list of candidatures for voting on the elections to the Board of Directors of the Company shall be sent to shareholders (shareholder) that proposed the item and nominated the candidate within three days from the date of its adoption.

The resolution of the Board of Directors of the Company on refusal to include the item into the agenda of the General Meeting and a candidate to the list of candidatures for voting on elections to the Board of Directors of the Company, as well as evasion of the Board of Directors of the Company from passing resolutions cannot be challenged in a judicial procedure.

5.6. The Board of Directors of the Company shall not be entitled to make amendments to formulation of the item proposed for inclusion into the agenda of the General Meeting and formulation of resolution on it.

In addition to the matters proposed for inclusion into the agenda of the General Meeting by shareholders, as well as in case of absence of such proposals, absence or insufficient number of candidates proposed by shareholders for formation of the Board of Directors, the Board of Directors of the Company shall be entitled to include at its own discretion into the agenda of the General Meeting the item "On electing the Board of Directors" or candidates to the list of candidatures.

6. Procedure and terms of nominating candidates to the Board of Directors for election at the extraordinary General Meeting

6.1. Shareholders (shareholder) of the Company, which jointly own at least 10% of voting shares of the Company as of the date of making the demand, shall be entitled to nominate

candidates to the Board of Directors of the Company to be elected at the extraordinary General Meeting at least 30 days before the date of conducting the General Meeting.

Convening the General Meeting on demand of shareholders (shareholder), which jointly own at least 10% of voting shares of the Company, shall be performed by the Board of Directors of the Company.

Number of candidates in one proposal cannot exceed the quantitative composition of the Board of Directors. Proposal may contain formulation of resolution on the proposed item.

Nomination of candidates to the Board of Directors for election at the extraordinary General Meeting shall be done by shareholders in line with the procedure established by Sub-Clauses 5.2, 5.3, 5.5 and 5.6 thereof.

6.2. If the number of members of the Board of Directors of the Company becomes smaller than half of the number established by the Charter of the Company, the remaining members of the Board of Directors shall, within 10 days from the moment of discovering this fact, decide to convene an extraordinary General Meeting for election of a new composition of the Board of Directors and to establish the term for nominating candidates to the Board of Directors.

The remaining members of the Board of Directors shall be entitled to resolve only on convening and preparing such extraordinary Meeting.

At that meeting the Board of Directors shall resolve to conduct the extraordinary General Meeting due to decrease of number of the Board of Directors and shall perform preparation to its conduction in line with the established requirements.

Resolution of the General Meeting on the matter of electing the Board of Directors of the Company cannot be passed by way of conducting voting in absentia.

6.3. The Board of Directors of the Company shall organize conduction of the extraordinary General Meeting convened on demand of shareholders (shareholder), which own at least 10% of the voting shares of the Company, when the proposed agenda of the extraordinary General Meeting contains an item of electing members of the Board of Directors of the Company, within 70 days from the moment of making demands on conducting the extraordinary General Meeting.

6.4. The Board of Directors of the Company shall consider the received proposals and decide on including the nominated candidates to the list of candidatures for voting on elections to the Board of Directors or on refusal to include them into the mentioned list within five days from the date of making the demand.

A resolution to refuse to convene the extraordinary General Meeting on demand of the Revision Commission of the Company, the auditor of the Company or shareholders (shareholder), which jointly own at least 10% of the voting shares of the Company, cannot be passed when:

- the procedure of making demands to convene the extraordinary General Meeting established by the Federal Law “On joint-stock companies” hasn’t been complied with;
- shareholders (shareholder) demanding convening the extraordinary General Meeting do not own the number of voting shares of the Company provided for by Clause 1, Article 55 of the Federal Law “On joint-stock companies”.

6.5. The resolution of the Board of Directors of the Company to convene the extraordinary General Meeting or motivated resolution to refuse to convene it shall be sent to the persons demanding its convening within three days from the moment of passing such resolution.

The resolution of the Board of Directors of the Company to refuse to convene the extraordinary General Meeting can be challenged in a judicial procedure.

6.6. The Board of Directors of the Company shall not be entitled to amend formulation of the item proposed for inclusion to agenda of the extraordinary General Meeting and formulation of resolution thereon.

In addition to the items proposed for inclusion into the agenda of the extraordinary General Meeting, as well as in case of absence of such proposals, absence or insufficient number of candidates proposed by shareholders for formation of the Board of Directors, the Board of Directors of the Company shall be entitled to include into the agenda of the General Meeting item “On election of the Board of Directors” or candidates to the list of candidatures at its own discretion.

7. Election of the Board of Directors

7.1. Members of the Board of Directors of the Company shall be elected by the General Meeting in line with the procedure provided for by the Federal Law “On joint-stock companies and the Charter of the Company for the period till the next annual General Meeting.

The persons elected to the Board of Directors may be reelected unlimited number of times.

7.2. Members of the Board of Directors of the Company shall be elected by cumulative voting.

In case of cumulative voting the number of votes that belong to each shareholder shall be multiplied by number of persons that should be elected to the Board of Directors of the Company and the shareholder shall be entitled to give the votes received in such a way fully for one candidate or to distribute them between two and more candidates.

The candidates that received the biggest number of votes shall be deemed elected to the Board of Directors of the Company.

7.3. The persons elected to the Board of Directors in line with the established procedure from among the candidatures nominated by authorized bodies of the Russian Federation, shall represent interests of the Russian Federation in the Board of Directors of the Company in line with the procedure established by the laws of the Russian Federation.

8. Chairman and secretary of the Board of Directors

8.1. The chairman of the Board of Directors shall be elected by members of the Board of Directors from among them by majority of votes from the total number of members of the Board of Directors.

The chairman of the Board of Directors of the Company cannot be the person, who at the same time performs functions of the sole executive body (President) of the Company. The Board of Directors shall be entitled to reelect its Chairman at any time by majority of votes from the total number of members of the Board of Directors.

8.2. The chairman of the Board of Directors shall arrange its work, convene the Board of Directors meetings and preside at those meetings and arrange for taking of minutes at the meetings.

In case of absence of the Chairman of the Board of Directors, his/her functions shall be performed by a member of the Board of Directors on the basis of resolution of the Board of Directors of the Company.

8.3. The Board of Directors on motion of the Chairman of the Board of Directors shall appoint a secretary of the Board of Directors, which is not a member of the Board of Directors, but is an employee of the Company’s business unit, which ensures work of collective management bodies of the Company.

The person appointed as a secretary of the Board of Directors of the Company can be appointed unlimited number of times.

8.4. The secretary of the Board of Directors shall:

- perform technical work on organizing the Board of Directors meetings, including advising members of the Board of Directors about date, place and time of conducting the meetings, familiarize them with the materials

- considered at the Board of Directors' meeting, control over preparation of documents on the agenda of the Board of Directors meeting;
- under guidance of the Chairman of the Board of Directors perform all the work on taking Minutes of the Board of Directors' meeting;
 - control fulfillment of resolutions passed at the Board of Directors meetings; perform other rights and duties related to technical and organizational support of activities of the Board of Directors.

9. Early termination of powers of members of the Board of Directors.

9.1. By resolution of the General Meeting of the Company, powers of all the Board of Directors' members can be early terminated.

9.2. The grounds for powers termination of the Board of Directors' members shall be:

- inability of a member of the Board of Directors to perform his/her functions for health reasons;
- entering into force of a verdict with regard to the Board of Directors member, declaring him/her guilty of a crime;
- failure to fulfill resolutions of the General Meeting of the Company;
- committing willful actions (omission to act) that caused losses to the Company;
- other grounds provided for by the applicable laws of the Russian Federation.

9.3. A member of the Board of Directors shall be entitled to voluntarily resign at any moment by notifying the Board of Directors in writing about it.

9.4. In case of early termination of powers of the Board of Directors, powers of a new composition of the Board of Directors elected at the extraordinary General Meeting shall be effective till the nearest annual General Meeting.

10. Remuneration to members of the Board of Directors

10.1. Members of the Board of Directors of the Company based on resolution of the General Meeting can be paid remunerations and/or compensated expenses related to their performance of functions of the Board of Directors' members during their term of duty. The total amount of such remunerations and compensations shall be established by resolution of the General Meeting of the Company.

10.2. The General Meeting may consider the matter on payment of remunerations and compensations of expenses to members of the Board of Directors for their performance of functions as an independent item of the agenda of the General Meeting, or as a constituent part of the matter on procedure of profit distribution at year-end.

Remuneration shall be paid on the basis of the General Meeting resolution based on the results of the Company's work at year-end.

10.3. If the Company doesn't have net profit (profit to distribution), remuneration shall not be paid to members of the Board of Directors.

10.4. Representatives of interests of the Russian Federation in the Board of Directors of the Company may not receive remuneration in monetary or any other form, nor cover the expenses for their discharge of their functions for the cost of the Company or third parties.

11. Procedure for convening, preparing and conducting the Board of Directors meetings

A. Procedure for convening the Board of Directors' meetings.

11.1. The Board of Directors shall conduct meetings whenever necessary, but at least once per three months, unless otherwise provided for by the applicable laws of the Russian Federation and Charter of the Company.

11.2. The Board of Directors meeting shall be convened by the Chairman of the Board of Directors at his/her own initiative, on demand of a member of the Board of Directors, the President of the Company, the Revision Commission or the auditor of the Company.

11.3. Demand on convening the Board of Directors' meeting of the Company shall contain the information as follows:

- indication of the meeting convening initiator;
- proposed agenda with indication of motives for raising those items.

Demand on convening the Board of Directors' meeting shall be made in writing to the address of the Board of Directors of the Company. The item indicated in the demand may not be edited.

11.4. In case of emergencies, an extraordinary meeting of the Board of Directors can be convened. If this occurs, members of the Board of Directors should be notified of the date, place and agenda of the extraordinary meeting no later than 5 days before the date of the meeting.

11.5. The annual meeting of the Board of Directors of the Company shall be conducted with the purpose of preliminary approval of the annual report of the Company.

The annual meeting of the Board of Directors shall be conducted no later than 30 days before the date of conducting the annual General Meeting.

At the annual meeting of the Board of Directors the President shall present the annual report about financial and business activity of the Company to the Board of Directors.

11.6. Additional items may be included into the agenda no later than 7 days before the date of conducting the meeting. In such a case the Board of Directors' meeting shall begin with consideration of the matter on inclusion of additional items to the agenda.

11.7. The Board of Directors shall be entitled to invite third parties to participation in the meeting.

11.8. When it is known in advance that the Board of Directors' meeting shall not be quorate (due to absence of a quorum), any meeting of the Board of Directors can be adjourned by the Chairman of the Board of Directors.

A member of the Board of Directors of the Company must not transfer his/her voting right to another person, including another member of the Board of Directors of the Company.

B. Forms of conducting the meetings of the Board of Directors

11.9. Meetings of the Board of Directors can be conducted in the form of attendee meeting and in absentia.

11.10. The chairman of the Board of Directors shall convene the Board of Directors' meeting within 10 days from the date of receiving a duly executed demand.

11.11. Notification about conducting the Board of Directors' meeting shall be sent to each member of the Board of Directors by a registered letter with advice of delivery or it shall be directly served against signed receipt by the Secretary of the Board of Directors or delivered to the registry of the institution, at which a member of the Board of Directors works, 15 days before the appointed date of meeting.

The notification shall contain the information as follows:

- full name of the member of the Board of Directors, to whom the notification is sent;
- form of conducting the meeting;
- date and place of conducting the meeting;
- agenda of the meeting.

Notification shall be accompanied by the documents necessary for passing resolutions at the Board of Directors' meeting, as well as a questionnaire (in case of conducting the Board of Directors meeting in the form of absentee meeting).

11.12. The questionnaire shall contain:

- full name of the Board of Directors’ member to whom the questionnaire is sent;
- date of sending the questionnaire to the Board of Directors’ member;
- formulation of each item put to voting and sequence of its consideration;
- options of voting on each item put to voting, expressed by formulations “aye”, “no” or “abstained”;
- indication that the voting ballot should be signed by a member of the Board of Directors;
- deadline for accepting by the Company of filled in questionnaires, which should be at least 5 days after the date of sending the questionnaire to the Board of Directors’ member.

In case of conducting voting on the item of electing the Chairman of the Board of Directors or members of the Management Board, the questionnaire shall be accompanied by information about each proposed candidate:

- full name;
- date of birth;
- information about education, including skills upgrade (name of educational institution, date of graduation, qualification);
- information about place of work and position held during the last 5 years;
- information about positions held in bodies of other legal entities during the last five years;
- list of legal entities in which the candidate is a member with indication of the shares in the authorized (joint-stock) capital of those legal entities belonging to him/her;
- list of persons with regard to which the candidate is an affiliated person, with indication of the main affiliation.

11.13. Filled in questionnaires shall be sent by members of the Board of Directors to the address of the Company to the name of the Secretary of the Board of Directors by a registered letter or served personally to the secretary of the Board of Directors.

11.14. Members of the Board of Directors who submitted the filled in questionnaires by the indicated deadline of their acceptance, shall be deemed having participated in the meeting.

The meeting of the Board of Directors conducted in absentia shall be deemed duly constituted, if at least half of the number of the elected Board of Directors of the Company participate in it.

11.15. During voting performed by way of questionnaires the votes shall be counted on those items on which the voters have left only one of the possible options of voting. Questionnaires filled in in contravention with the above requirement shall be declared invalid, and the votes on the items contained in them shall not be counted.

If the questionnaire contains several items put to voting, failure to comply with the above requirement with regard to one or several items shall not invalidate the questionnaire as a whole.

11.16. Agenda of the Board of Directors’ meeting shall be agreed and signed by the Chairman of the Board of Directors.

The secretary of the Board of Directors shall provide technical assistance and support in preparation and formation of the agenda of the Board of Directors’ meeting.

11.17. Agenda of the Board of Directors’ meeting, at which items on preparation to conducting the General Meeting are to be resolved, shall include the items as follows:

- a) determination of the form of conducting the General Meeting;
- b) determination of the date, place and time of conducting the General Meeting;
- c) formation and approval of agenda of the General Meeting, preparation and approval of the list of candidatures to the Board of Directors of the Company, the Revision Commission of

the Company, the President of the Company, resolution on the candidate to the auditor's position in the Company;

d) determination of the date of making the list of persons entitled to participate in the General Meeting;

e) determination of the list of information (materials) to be provided to shareholders at preparation of conducting the General Meeting;

f) approval of the form and wording of the voting ballot in case of voting by ballots;

g) approval of text of notification about conduction of the General Meeting sent to shareholders;

h) determination of the date, place and time of performing shareholders registration, which are entitled to participate in the General Meeting;

i) determination of the date of providing voting ballots and other information (materials) to shareholders;

j) determination of the deadline for receiving voting ballots by the Company in case of conducting the Meeting in the form of voting in absentia or absentee meeting (in the form of joint presence with preliminary sending ballots for passing resolutions on the matters put to voting).

11.18. A member of the Board of Directors, as well as the Revision Commission, the auditor, the President and the Management Board of the Company can make proposals to the agenda of the Board of Directors meeting, if the Board of Directors meeting isn't convened on their demand no later than 15 days before the date of conducting the meeting.

Proposals shall be drawn up in writing and sent to the address of the Board of Directors of the Company.

Proposals shall contain motives of putting items to the agenda and signed by the person (persons) that made them.

11.19. The Board of Directors meeting of the Company shall be deemed quorate (having a quorum) if at least half of the total number of the elected members of the Board of Directors of the company participate in it. If the number of members of the Board of Directors of the Company becomes smaller than the number constituting the mentioned quorum, the Board of Directors of the Company shall pass resolution on conducting an extraordinary General Meeting for election of a new composition of the Board of Directors of the Company. The remaining members of the Board of Directors of the Company shall be entitled to pass resolution only about convening such extraordinary General Meeting.

C. Resolutions of the Board of Directors

11.20. Resolution of the Board of Directors shall be passed in the following ways;

a) at the meeting of the Board of Directors;

b) at the meeting of the Board of Directors, during conduction of which written opinions on the items of the agenda of the Board of Directors' members absent at the meeting are taken into account;

c) by voting in absentia.

The resolution shall be passed without taking into account votes of the exiting Board of Directors members.

Exiting Board of Directors members shall mean:

- the members that died, are missing or declared incompetent;
- person who voluntarily resigned from the office of a member of the Board of Directors and notified the Board of Directors in writing thereabout;
- persons whose powers as members of the Board of Directors have been terminated or suspended by decisions of law enforcement bodies, which entered into legal force.

11.21. Resolutions shall be passed at the Board of Directors' meeting by a simple majority of votes of the persons present, unless otherwise provided for by the law.

If a member of the Board of Directors disagrees with (voted “no”) the resolution passed, he/she shall be entitled to express a special opinion. The fact of expressing a special opinion shall be registered in the minutes of the Board of Directors’ meeting, and the opinion itself shall be executed in the form of an attachment to the minutes.

11.22. In case of passing resolution at the Board of Directors’ meeting, each member of the Board of Directors shall have one vote. In case of tie vote of the members of the Board of Directors, the vote of the Chairman of the Board of Directors shall be decisive.

D. Taking into account opinion of a member of the Board of Directors who was absent from the meeting.

11.23. When establishing a quorum and counting voting results on the items of the agenda, the written opinion of a member of the Board of Directors of the Company who is absent from the meeting of the Board of Directors of the Company, shall be taken into account.

The written opinion shall be provided by the member of the Board of Directors to the Chairman of the Board of Directors or the secretary of the Board of Directors before voting on the discussed item of the agenda of the Board of Directors’ meeting.

The written opinion of the member of the Board of Directors can contain options of his/her voting both on all the items of the agenda of the meeting and on separate items. The written opinion of the member of the Board of Directors shall be taken into account only when establishing a quorum and counting voting results on the items of the agenda, on which it contains voting options of the absent member of the Board of Directors.

11.24. If a copy of the written opinion of the member of the Board of Directors hasn’t been included into the information (materials) provided to members of the Board of Directors before the meeting, the chairman of the meeting shall announce the written opinion of the member of the Board of Directors, absent from the meeting of the Board of Directors, before beginning of voting on the item of the agenda, on which that opinion is presented.

If the member of the Board of Directors is present at the Board of Directors meeting, his/her written opinion received before conducting the meeting shall not be announced at the meeting and shall not be taken into account at establishment of a quorum and counting voting results.

12. Procedure for taking of minutes of the Board of Directors

12.1. At the meeting of the Board of Directors of the Company the secretary of the Board of Directors shall take minutes, which shall be drawn up within three days after its conduction.

The minutes of the meeting shall contain:

- place and time of its conduction;
- persons, present at the meeting;
- agenda of the meeting;
- items put to voting and voting results;
- resolutions passed.

12.2. The minutes of the Board of Directors of the Company shall be signed by the Chairman and the secretary of the meeting.

The chairman shall be liable for correctness of drawing up the minutes.

12.3. Minutes of the Board of Directors meeting shall be stored at the place of business of the executive body of the Company during the period established by the applicable laws of the Russian Federation.

12.4. The right of access to the minutes of the Board of Directors of the Company shall be granted to:

- members of the Board of Directors of the Company and, respectively, federal executive bodies, which nominated them to the Board of Directors;
- members of the Management Board of the Company;

- members of the Revision Commission of the Company;
- auditor of the Company;
- shareholders (shareholder) that jointly own at least 25% of the voting shares of the Company.

12.5. Copies of minutes shall be presented by the Company within seven days from the date of submitting the relevant demand for familiarization in the premises of the executive body of the Company.

13. Rights, duties and liability of the Board of Directors' members;

13.1. Members of the Board of Directors shall have the rights as follows:

- if necessary, to involve employees of the Company to resolve specific matters related to the Company's activities within the limits established by the applicable laws of the Russian Federation;
- to invite any employee of the Company, irrelevant of the position held, to the meetings of the Board of Directors;
- to familiarize with the minutes of meetings of the Board of Directors of the Company, other bodies of the Company and receive their copies;
- to demand inclusion of their special opinion to the minutes of the Board of Directors meeting.

13.2. Members of the Board of Directors of the Company shall:

- be loyal to the Company;
- act in the framework of their rights pursuant to competence of the Board of Directors;
- act reasonably, in good faith and due care with regard to the Company's affairs;
- act in the best interests of the Company as a whole, and not in the interests of separate shareholders, officials and other persons;
- not disclose the confidential information about the Company's activity, which came to their notice;
- initiate the Board of Directors' meetings for resolution of urgent matters;
- be present at the Board of Directors' meetings;
- take part in passing resolutions by the Board of Directors by way of voting on the items of the agenda of its meetings;
- pass justified resolutions, for which they shall study all the necessary information (materials) related with the resolutions passed;
- when passing resolutions, evaluate the risks and unfavorable consequences;
- timely notify the Company about their affiliation and changes in it;
- inform the Board of Directors about the proposed transactions, which have signs of related-party transactions;
- take part in conducting expert examinations of projects and programs proposed by the Board of Directors;
- prepare proposals on improvement of financial and business activity of the Company based on assignment of the Board of Directors;
- prepare and bring to consideration of the Board of Directors the items conferred to their competence;
- be present at the General Meeting and respond to questions of the meeting participants.

13.3. Members of the Board of Directors shall be liable toward the Company for losses inflicted to the Company by their wilful acts (omission to act), unless other grounds and amount of liability have been established by the federal laws.

If this occurs, members of the Board of Directors who voted against the resolution that caused losses to the Company or didn't participate in the voting, shall not be liable.

13.4. When determining the grounds and amount of liability of members of the Board of Directors, it is necessary to take into account ordinary conditions of business practice and other circumstances material for the business.

13.5. If several persons are liable pursuant to the provisions of this clause, they shall be jointly liable toward the Company.

13.6. When exercising their rights and discharging duties, members of the Board of Directors shall act in the best interests of the Company, exercise their rights and discharge their duties with regard to the Company reasonably and in good faith.

13.7. A company or a shareholder (shareholders) that jointly own at least 1% of the allotted voting shares of the Company shall be entitled to file a suit against a member of the Board of Directors for reimbursement of damages inflicted to the Company in the case provided for by Sub-Clause 13.3 thereof.

13.8. The persons duly elected to the Board of Directors from the candidates nominated by authorized bodies of the Russian Federation, shall represent interests of the Russian Federation at the Board of Directors of the Company.

13.9. Representatives of the state in the Board of Directors of the Company shall be liable in line with Article 71 of the Federal Law "On joint-stock companies" alongside with other members of the Board of Directors of the Company.

14. Procedure for approving and amending the Regulation on the Board of Directors

14.1. The regulation on the Board of Directors shall be approved by the General Meeting of the Company. A resolution on approval of the Regulation shall be passed by the General Meeting of the Company by a simple majority of votes of the shareholders owning voting shares, who are present at the meeting.

14.2. Resolutions on supplementing and amending the Regulation on the Board of Directors shall be passed by the General Meeting of the Company by a simple majority of votes of the shareholders owning voting shares, who are present at the meeting.

14.3. If due to changes in laws of the Russian Federation certain articles of this Regulation are in contravention with such laws, those articles shall cease to be in force and until the respective amendments are made to the Regulation, members of the Board of Directors shall be guided by the applicable laws.