

ADOPTED BY:
Resolution of the General Meeting of
Shareholders of JSC "Transneft" (Decree
of the Federal Property Management
Agency dated June 30, 2016 No 520-r)

**ARTICLES OF ASSOCIATION
of Public Joint Stock Company Transneft
(new version)**

(as amended by the resolution of the Federal Property Management Agency dated October 18, 2016 No. 816-r, the resolution of the Federal Property Management Agency dated March 22, 2017 No. 91-r, the resolution of the Federal Property Management Agency dated December 29, 2017 No. 1013-r, the resolution of the Federal Property Management Agency dated November 30, 2017 No. 923-r)

In case of any discrepancies between the English and Russian versions, the Russian text
will prevail

Moscow

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Public Joint Stock Company Transneft (hereinafter the “Company”) was established in accordance with Resolution of the Council of Ministers – Government of the Russian Federation dated August 14, 1993, No. 810 “On Establishing Oil Transporting Joint Stock Company Transneft”.

By resolution of the General Meeting of Shareholders of JSC “Transneft” (Decree of the Federal Property Management Agency dated June 30, 2016 No 520-r) the Company’s name was brought into compliance with Federal Law 99-FZ dated May 05, 2014 “On Amending Chapter 4 of Part 1 of the Civil Code of the Russian Federation and Invalidation of Certain Provisions of Legislative Acts of the Russian Federation” and reworded into Public Joint Stock Company “Transneft”.

Article 1. The Company’s Corporate Name and Location

- 1.1 The Company’s full corporate name in Russian is:
Публичное акционерное общество «Транснефть».
The Company’s abbreviated corporate name in Russian is:
ПАО «Транснефть».
The Company’s full corporate name in English is:
Public Joint Stock Company Transneft.
The Company’s abbreviated corporate name in English is:
Transneft.
- 1.2 The Company’s location is in: Moscow, Russian Federation.

Article 2. The Company’s Legal Status

- 2.1. The Company is a legal entity and owns separate assets to secure its liability for its obligations; it may in its own name acquire and exercise civil rights and assume civil obligations, sue and be sued in a court of law.
- 2.2. The Company may open bank accounts in the Russian Federation and abroad in the established manner and procedure.
- 2.3. The Company has a round seal bearing its full corporate name in Russian and specifying its location.
- 2.4. The Company is a strategic joint stock enterprise in charge of management and protection of the system of oil and petroleum products trunk pipelines. Protection of fuel and energy industry facilities owned by the Company and (or) business entities in which the Company and (or) business entities whose decisions may be determined by the Company hold(s) more than 50 per cent of voting shares (shares in the authorized capital), as well as of products supplied under a government contract, is provided by the in-house security service established by the Company.

Article 3. The Company’s Branches and Representative Offices

- 3.1. The Company may open its branches and representative offices in the Russian Federation and abroad.
- 3.2. Such branches and representative offices are not legal entities and act on the basis of the Regulations approved by the Company. The Company provides to its branches and representative offices assets that are accounted for on the

Company's balance sheet and may also be accounted for on independent balance sheets of such branches or representative offices.

- 3.3. Operations of branches and representative offices are managed by persons appointed by the President of the Company. Heads of branches and representative offices act on the basis of powers of attorney issued to them by the Company.
- 3.4. Branches and representative offices carry out their operations on the Company's behalf and the Company is liable for their operations.
- 3.5. Data on the Company's branches and representative offices is kept in the Unified State Register of Legal Entities.

Article 4. Goals, Objectives and Core Areas of the Company's Business

- 4.1 The main goal of the Company's business is to generate profit.
- 4.2 The Company's objectives are:
 - 4.2.1 to arrange for and carry out the transportation of oil and petroleum products via the system of oil and petroleum products trunk pipelines;
 - 4.2.2 to manage the integrated system of oil and petroleum products trunk pipelines and the process of transportation of oil and petroleum products to consumers, including transportation outside the customs territory of the Russian Federation.
 - 4.2.3 to ensure a non-discriminatory access to the oil and petroleum products transportation services when connecting oil production facilities, refineries and depots to oil and petroleum products trunk pipelines in the manner and procedure established by the Government of the Russian Federation;
 - 4.2.4 to comprehensively develop the system of oil and petroleum products trunk pipelines;
 - 4.2.5 to ensure the observance of industrial and environmental safety requirements for the sake of sustainable operation of the system of oil and petroleum products trunk pipelines;
 - 4.2.6 to protect fuel and energy industry facilities owned by the Company and (or) business entities in which the Company and (or) business entities whose decisions may be determined by the Company hold(s) more than 50 per cent of voting shares (shares in the authorized capital), as well as of products supplied under a government contract.
- 4.3 The core areas of the Company's operations are relating to the accomplishment of the Company's objectives listed in paragraph 4.2 above, including:
 - 4.3.1 provision of services of oil and petroleum products transportation via oil and petroleum trunk pipelines in the Russian Federation and abroad, including services provided under international and intergovernmental agreements;

- 4.3.2 raising and making of investments into the development of the system of oil and petroleum products pipeline transport, including production of goods, works and services for oil and petroleum products trunk pipelines so as to maintain their nominal operating condition, as well as efficiency and safety enhancement;
 - 4.3.3 carrying out of scientific, technical, production, business, financial and international business operations, including intermediary services, in the Russian Federation and abroad;
 - 4.3.4 carrying out of works involving the use of information constituting the state secret (protection of the state secret), providing services relating to the state secret's protection;
 - 4.3.5 operation of oil and petroleum products trunk pipeline transport, selling and storing oil and petroleum products;
 - 4.3.6 taking of measures so as to ensure in-house protection of fuel and energy industry facilities owned by the Company and (or) business entities in which the Company and (or) business entities whose decisions may be determined by the Company hold(s) more than 50 per cent of voting shares (shares in the authorized capital), as well as of products supplied under a government contract.
- 4.4 The Company may also engage in other types of business not prohibited by the applicable laws of the Russian Federation.

Article 5. The Company's Authorized Capital and Shares

- 5.1 The Company's Authorized Capital is RUB 7 249 343 (seven million two hundred forty-nine thousand three hundred forty-three).
- 5.2 The Company's Authorized Capital is divided into 7 249 343 (seven million two hundred forty-nine thousand three hundred forty-three) shares of the par value 1 (one) ruble each, in particular:
 - 5 694 468 (five million six hundred ninety-four thousand four hundred sixty-eight) ordinary shares.
 - 1 554 875 (one million five hundred fifty-four thousand eight hundred seventy-five) preferred shares.
- 5.3 All of the Company's shares are registered.
- 5.4 The Company may place additional ordinary and preferred shares.
- 5.5 The Company may place 852 379 (eight hundred fifty-two thousand three hundred seventy-nine) ordinary registered non-documentary shares (declared shares) of the par value 1 (one) ruble each in addition to those already placed.
- 5.6 The Authorized Capital may be increased by increasing the par value of shares or by placing additional shares.
- 5.7 The Authorized Capital may be reduced by reducing the par value of shares or by reducing their total number.

Article 6. Acquisition by the Company of its Placed Shares

- 6.1 Acquisition by the Company of its placed shares is subject to:
- 6.1.1 resolution of the General Meeting of Shareholders to reduce the Authorized Capital. The shares so acquired shall be cancelled upon the acquisition;
 - 6.1.2 Shareholders' request in cases envisaged in Federal Law "On Joint Stock Companies";
 - 6.1.3 resolution by the Board of Directors of the Company, provided that the amount of shares so acquired does not exceed 10 per cent of the total number of the Company's placed shares.
- 6.2 The shares acquired by the Company in accordance with paragraphs 6.1.2, 6.1.3 herein neither confer the right to vote, nor are counted among the votes cast, nor provide for any dividend accrual. Such shares must be sold not later than one year from the moment of their acquisition, otherwise the General Meeting of Shareholders shall pass a resolution to reduce the Authorized Capital by cancelling the said shares.
- 6.3 The shares acquired by the Company are to be paid for by money, securities, other property or proprietary or other rights having cash equivalent.

Article 7. Rights of Shareholders Holding Ordinary Shares

- 7.1 Each ordinary share of the Company has the same par value and confers the same scope of rights to its holder.
- 7.2 Holders of the ordinary shares of the Company are entitled to:
- 7.2.1 take part in the General Meeting of Shareholders and to vote on all items of business within its authority, either personally or by proxy;
 - 7.2.2 alienate shares held by them without other Shareholders' consent;
 - 7.2.3 receive dividends;
 - 7.2.4 require the Company to redeem all or part of shares held by them in cases envisaged in Federal Law "On Joint Stock Companies";
 - 7.2.5 exercise other rights envisaged in the applicable laws of the Russian Federation, these Articles of Association and resolutions of the General Meeting of Shareholders passed within its authority.
- 7.3 No conversion of ordinary shares into preferred shares, bonds or other securities is allowed.

Article 8. Rights of Shareholders Holding Preferred Shares

- 8.1 The Company's preferred shares are not voting and confer to their holders the only right to receive a fixed dividend according to the Company's annual results.
- 8.2 Based upon the results of the financial year, the General Meeting of Shareholders shall pass a resolution to distribute 10 per cent of the Company's net profit for the given year as dividends accrued on all of its preferred shares.

The amount of the dividend payable for one preferred share may not be less than the amount of the dividend paid for one ordinary share.

- 8.3 The Company's preferred shares confer to their holders the right to vote at the General Meeting of Shareholders on items of business relating to the Company's reorganization and liquidation, making such amendments and supplements to the Articles of Association so as to limit the rights of Shareholders holding preferred shares, as well as applying for delisting of the preferred shares.
- 8.4 If the annual General Meeting of Shareholders has passed no resolution on payment of dividends on preferred shares, or resolved to pay such dividends partly, holders of preferred shares acquire the right to vote in the General Meeting of Shareholders within the entire scope of its authority. Such voting right of the Shareholders holding preferred shares in the General Meeting of Shareholders terminates after the first full payment of dividends on the said shares has been effected.

Article 9. Duties of Shareholders

The Company's Shareholders must:

- (1) keep confidential any information constituting commercial secret and any other confidential information about the Company's business;
- (2) refrain from actions harmful to the Company, its commercial interests and business reputation, as well as actions which may howsoever damage the Company's financial status and competitive advantages;
- (3) refrain from actions (inaction) which materially complicate or render impossible the achievement of goals the Company has been established for;
- (4) refrain from unscrupulous exercise of their rights;
- (5) inform the Registrar of the Company's Shareholders about any change in their address and personal identification documents to ensure prompt registration of such changes with the Register of the Company's Shareholders;
- (6) perform other duties envisaged in the laws of the Russian Federation and these Articles of Association.

Article 10. The Funds of the Company

- 10.1 The Company shall establish a reserve fund in the amount of 15 per cent of the Authorized Capital. The Reserve Fund is formed by mandatory annual deductions which shall continue until the fund reaches the pre-set amount. The annual deduction shall not be less than 5 per cent of the net profit. The Reserve Fund is established with the purpose to cover the Company's losses, to pay for its bonds and to redeem its shares in case no other funds are available.

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

- 10.2 Other funds may be established by resolution of the Board of Directors of the Company.

Article 11. The Dividend Payment Procedure

- 11.1 The Company may, once a year, resolve on (declare) payment of dividends on the placed shares.
- 11.2 The dividends are to be paid from the Company's profit after tax (net profit), determined on the basis of the Company's accounting (financial) statements executed in accordance with Federal Law dated of 06.12.2011 No. 402-FZ "On Accounting".
- 11.3 A resolution to pay (declare) dividends is made by the General Meeting of Shareholders.
- 11.4 The list of persons entitled to receive dividends in accordance with the resolution on (declaration of) dividend payment shall be determined for a date which is neither earlier than 10 days, nor later than 20 days from the date of such resolution.
- 11.5 The dividends are to be paid within the time limits and in the manner stipulated by laws of the Russian Federation.
- 11.6 When making a decision to pay (declare) dividends and paying the dividends so declared, the Company must observe the restrictions set forth by federal laws.

Article 12. The Corporate Management Structure

The Company's management bodies are:

- the General Meeting of Shareholders;
- the Board of Directors;
- the Management Board, a collective executive body;
- the President, a sole executive body.

Article 13. The General Meeting of Shareholders

- 13.1 The General Meeting of Shareholders is the supreme management body of the Company.

The General Meeting of Shareholders acts in accordance with the laws of the Russian Federation and on the basis of these Articles of Association and the Regulations on the General Meeting of Shareholders adopted by the General Meeting of Shareholders.
- 13.2 The General Meeting of Shareholders is convened in Moscow which is the place of the Company's location.
- 13.3 The Company shall convene the annual General Meeting of Shareholders not earlier than 2 months and not later than 6 months from the end of the reporting year.
- 13.4 The annual General Meeting of Shareholders shall resolve issues relating to the election of the Board of Directors and Revision Commission of the Company, appointment of the Company's auditor, approval of the Company's annual

report, annual accounting (financial) statements and allocation of the Company's profits (including dividends payment (declaration) based on the reporting year's results) and losses based on the reporting year's results, as well as other items of business within the authority of the General Meeting of Shareholders.

- 13.5 Any General Meeting of Shareholders other than the annual one is extraordinary.
- 13.6 The General Meeting of Shareholders may be held in joint attendance of the Shareholders or by absentee voting.
- 13.7 If all of the Company's voting shares are held by one and the same Shareholder, then resolutions on items of business within the authority of the General Meeting of Shareholders shall be made by this Shareholder solely and executed in writing. In this case the provisions of Federal Law "On Joint Stock Companies" and of these Articles of Association pertaining to the time limits and procedure of preparation, convocation and holding of the General Meeting of Shareholders do not apply, except the provisions pertaining to the annual General Meeting of Shareholders.

Article 14. The Competence of the General Meeting of Shareholders

- 14.1 It is the competence of the General Meeting of Shareholders:
 - 14.1.1 to make amendments and supplements to the Articles of Association or to approve a new version of the Articles of Association, except in cases envisaged in Federal Law "On Joint Stock Companies";
 - 14.1.2 to reorganize the Company;
 - 14.1.3 to liquidate the Company, to appoint a liquidation commission and to approve intermediate and final liquidation balance sheets;
 - 14.1.4 to elect members of the Board of Directors of the Company and to early terminate their powers, to resolve to pay them remuneration and (or) to compensate expenses while in office;
 - 14.1.5 to determine number, par value, class (type) of declared shares and rights which these shares confer;
 - 14.1.6 to increase the Authorized Capital by increasing the par value of shares or by placing additional shares;
 - 14.1.7 to reduce the Authorized Capital by reducing the par value of shares, by acquisition of a portion of shares, as well as by cancellation of shares acquired or redeemed by the Company;
 - 14.1.8 to have the Company place bonds and other issued securities convertible into shares;
 - 14.1.9 to appoint the President of the Company and to early terminate his/her powers;
 - 14.1.10 to reassign the powers of the Company's sole executive body to a managing company or person under a contract and to early terminate his/her/its powers;

- 14.1.11 to elect members of the Revision Commission and to early terminate their powers, as well as to resolve to pay them remuneration and (or) compensations while in office;
 - 14.1.12 to approve the Company's auditor;
 - 14.1.13 to approve the Company's annual report;
 - 14.1.14 to approve the Company's annual accounting (financial) statements;
 - 14.1.15 to allocate the Company's profits and losses based on the reporting year's results;
 - 14.1.16 to pay (declare) dividends, including the setting of a date for which a list of persons entitled to receive dividends shall be compiled;
 - 14.1.17 to determine procedure for holding of the General Meeting of Shareholders;
 - 14.1.18 to divide and consolidate shares;
 - 14.1.19 to make a decision as regards the approval of related-party transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 14.1.20 to make a decision as regards the approval of major transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 14.1.21 to make a decision as regards the participation in financial and industrial groups, associations and other unions of for-profit organizations;
 - 14.1.22 to approve internal documents regulating activities of the Company's management bodies listed in Article 12 hereof, and of the Revision Commission;
 - 14.1.23 to make a decision as regards the application for the delisting of the Company's shares and (or) issued securities convertible into its shares;
 - 14.1.24 to make a decision as regards the submission of an application to the Bank of Russia to relieve the Company of its duty to disclose or submit information stipulated by the laws of the Russian Federation on securities;
 - 14.1.25 to resolve on other items of business envisaged in Federal Law "On Joint Stock Companies".
- 14.2 No items of business within the competence of the General Meeting of Shareholders may be transferred to the Board of Directors and executive bodies of the Company for resolution unless Federal Law "On Joint Stock Companies" provides otherwise.
- 14.3 The General Meeting of Shareholders may neither review nor resolve on items of business beyond its competence as is set out in Federal Law "On Joint Stock Companies".

Article 15. Preparation for Holding and Convocation of the General Meeting of Shareholders

- 15.1 The annual General Meeting of Shareholders is to be convened by the Board of Directors of the Company.
- 15.2 An extraordinary General Meeting of Shareholders is to be convened by resolution of the Board of Directors on its own motion or by request of the Revision Commission, the Company's auditor or a shareholder(s) jointly holding not less than 10 per cent of the Company's voting shares as for the date of such request, or by judgment of court to convene the same.
- 15.3 Procedure and time for holding an extraordinary General Meeting of Shareholders are determined by Federal Law "On Joint Stock Companies" and the Regulations on the General Meeting of Shareholders of the Company.
- 15.4 The Board of Directors shall resolve to hold an extraordinary General Meeting of Shareholders or to refuse the same within five days from the date of a relevant request by the Revision Commission, the Company's auditor or a shareholder(s) jointly holding not less than 10 per cent of the Company's voting shares.
- 15.5 The resolution of the Board of Directors of the Company to convene an extraordinary General Meeting of Shareholders or to refuse it for cause shall be sent to persons requiring the same within three days from the date of such resolution as is set forth in the laws of the Russian Federation.
- 15.6 The list of persons eligible to take part in the General Meeting of Shareholders is to be compiled in the manner established by the laws of the Russian Federation on securities in relation to the determination of persons eligible to exercise rights under securities.
 - 15.6.1 The date of compilation of the list of persons eligible to take part in the General Meeting of Shareholders may neither be earlier than 10 days after the date of resolution to convene the same nor earlier than 25 days prior to the Meeting's date, and, should the proposed agenda of the extraordinary General Meeting of Shareholders contain an issue of the election of members of the Board of Directors of the Company, or of the formation of a sole executive body of the Company and (or) an early termination of his/her duties, then the list compilation date may not be earlier than 55 days prior to the date of the General Meeting of Shareholders.
 - 15.6.2 In case the agenda of the General Meeting of Shareholders includes an issue of the Company's reorganization, the date when persons eligible to take part in such Meeting are determined (fixed) may not be earlier than 35 days prior to the Meeting's date.
 - 15.6.3 The date when persons eligible to take part in the General Meeting of Shareholders are determined (fixed) is to be set by the Board of Directors of the Company.
 - 15.6.4 The information about the date of compilation of the list of persons eligible to take part in the General Meeting of Shareholders shall be disclosed by the Company not later than 7 days prior to such Meeting.

- 15.7 A notice of the General Meeting of Shareholders shall be given not later than 30 days prior to the Meeting's date, unless an earlier notification date is established by Federal Law "On Joint Stock Companies".
- 15.8 A notice of the General Meeting of Shareholders is delivered via registered mail to each person named in the list of persons eligible to take part in the Meeting.
- 15.8.1 An additional notice of the General Meeting of Shareholders may be published in the "Rossiyskaya Gazeta" newspaper and (or) posted at the Company's web site within the time limits specified above.
- 15.8.2 The requirements to the contents of such notice are set out in Federal Law "On Joint Stock Companies" and the Regulations on the General Meeting of the Company's Shareholders.
- 15.9 A Shareholder(s) of the Company jointly holding not less than 2 per cent of its voting shares are eligible to add items of business to the agenda of the General Meeting of Shareholders and put forward candidates for the Board of Directors and Revision Commission of the Company, provided that the number of such candidates do not exceed the statutory number of members of the relevant body, as well as put forward candidates to the position of the President of the Company. Such proposals shall be submitted to the Company not later than 60 days after the reporting year's end.
- 15.10 Shareholders shall add items of business to the agenda of the General Meeting of Shareholders and put forward candidates to the Company's bodies elected by the General Meeting of Shareholders, and the Board of Directors shall review the proposals received, in the manner and procedure established by Federal Law "On Joint Stock Companies" and the Regulations on the General Meeting of Shareholders.
- 15.11 The Board of Directors of the Company may neither amend the wording of items proposed to the agenda of the General Meeting of Shareholders nor of resolutions on such items.
- 15.12 In case Shareholders propose no candidates or the number of candidates proposed is insufficient to form the relevant body of the Company, the Board of Directors may add candidates at its own discretion.
- 15.13 Additional requirements as to the procedure of preparation and convention of the General Meeting of Shareholders, including the scope of materials and information to be provided by Shareholders on the items of the agenda of the General Meeting of Shareholders and procedure for the provision of the same, are determined by laws and by-laws of the Russian Federation and the Regulations on the General Meeting of Shareholders.

Article 16. Procedure for the Holding of the General Meeting of Shareholders

- 16.1 The General Meeting of Shareholders is quorate if by the time of its convention (by the cut-off time for the receipt of ballots in case of an absentee voting) it has quorum for at least one of the items of its agenda.

- 16.2 The quorum for a certain item of the agenda of the General Meeting of Shareholders is a simple majority of votes of the Shareholders holding voting shares, unless Federal Law “On Joint Stock Companies” provides otherwise.
- 16.3 If the agenda of the General Meeting of Shareholders includes items to be voted on by different compositions of voters, then the quorum for the passing of resolutions on such items is determined separately. However, the absence of quorum for the passing of resolutions on items voted on by a certain composition of voters shall not prevent from the passing of resolutions on items voted on by a different composition of voters, where the quorum is present.
- 16.4 Shareholders registered for the participation in the General Meeting of Shareholders and Shareholders whose ballots were received not later than two days prior to the Meeting are deemed to have taken part in the same.
- 16.5 Shareholders whose ballots were received before the cut-off date for the receipt of ballots are deemed to have taken part in the General Meeting of Shareholders held in the form of absentee voting.
- 16.6 If the quorum for holding the annual General Meeting of Shareholders is not met, the latter shall be adjourned with the same agenda.
- 16.7 If the quorum for holding an extraordinary General Meeting of Shareholders is not met, the latter may be adjourned with the same agenda.
- 16.8 30 per cent of votes of the Shareholders holding voting shares, unless Federal Law “On Joint Stock Companies” provides otherwise, shall be a quorum for the adjourned General Meeting of Shareholders for a certain issue of its agenda.
- 16.9 If the General Meeting of Shareholders is adjourned by less than 40 days, then persons eligible to take part in such Meeting shall be listed for the same date as were the persons eligible to attend the Meeting before the adjournment.
- 16.10 Votes at the General Meeting of Shareholders are cast through ballots delivered against signature or sent to persons named in the list of persons eligible to take part in the General Meeting of Shareholders by registered mail not later than 20 days prior to the Meeting.
- 16.11 Resolutions passed by the General Meeting of Shareholders and voting results may be declared at the General Meeting of Shareholders where such voting took place and shall be made known to the persons named in the list of persons eligible to take part in the General Meeting of Shareholders in the form of a report on the voting results in the manner and procedure established for information about the convention of the General Meeting of Shareholders not later than four business days after the General Meeting of Shareholders is closed or, if the General Meeting of Shareholders is held in the form of absentee voting, the cut-off date for the receipt of ballots.
- 16.12 The Minutes of the General Meeting of Shareholders shall be drafted within three business days after the General Meeting of Shareholders is closed, in two copies, both of which to be signed by the Chairperson and the Secretary of the General Meeting of Shareholders.
- 16.13 The Company shall post resolutions of the General Meeting of Shareholders at its web site in the form of the notification of a material fact.

16.14 Additional requirements to the procedure of convention of the General Meeting of Shareholders are to be set out in laws and by-laws of the Russian Federation and the Regulations on the General Meeting of Shareholders of the Company.

Article 17. Procedure for the Decision Making by the General Meeting of Shareholders

17.1 Voting at the General Meeting of Shareholders is based on the principle “one vote for one voting share”, unless a cumulative voting is held.

17.2 The General Meeting of Shareholders resolves on an item put to the vote by a majority of votes of the Shareholders holding voting shares who are attending the Meeting, unless Federal Law “On Joint Stock Companies” and these Articles of Association establish a different procedure for a resolution to be passed.

17.2.1 The General Meeting of Shareholders resolves on matters referred to in paragraphs 14.1.1-14.1.3, 14.1.5, 14.1.7 hereof (as regards the reduction of the authorized capital by reducing the par value of shares and acquisition of a portion of shares by the Company to reduce their total number) by a three-fourths majority of votes of the Shareholders holding voting shares who are attending the General Meeting of Shareholders.

17.2.2 The General Meeting of Shareholders resolves on matters referred to in paragraphs 14.1.23, 14.1.24 herein and on such amendment of these Articles of Association so as to exclude the reference to the Company’s being public, by a 95 per cent majority of votes of all the Shareholders holding the Company’s shares of all classes (types).

17.2.3 The amending and supplementing of these Articles of Association in a way so as to limit the rights of the Shareholders holding preferred shares and to apply for the delisting is deemed adopted if voted in favour by not less than three fourths of votes of the Shareholders holding ordinary shares and three fourths of votes of all of the Shareholders holding preferred shares.

17.3 Whenever both the Shareholders holding ordinary shares and Shareholders holding preferred shares of the Company are eligible to vote on an item put to the vote, the votes so cast are counted jointly among all of the voting shares, unless Federal Law “On Joint Stock Companies” and these Articles of Association provide otherwise.

17.4 Each item of business put to the vote must be decided upon by passing a separate (independent) resolution only.

17.5 Resolutions on the following items of business may only be passed by proposal of the Board of Directors:

17.5.1 the Company’s reorganization;

17.5.2 the Company’s liquidation and appointment of a liquidation commission;

17.5.3 increase of the Company’s authorized capital by increasing the par value of shares;

- 17.5.4 increase of the Company's authorized capital by placing additional shares;
 - 17.5.5 reduction of the Company's authorized capital by reducing the par value of shares;
 - 17.5.6 shares' division and consolidation;
 - 17.5.7 approval of related-party transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 17.5.8 approval of major transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 17.5.9 the Company's participation in financial and industrial groups, associations and other unions of for-profit organizations;
 - 17.5.10 approval of internal documents regulating the Company's operations;
 - 17.5.11 setting of the date when persons entitled to receive dividends shall be determined;
 - 17.5.12 transfer of powers of the Company's sole executive body to a managing company or person;
 - 17.5.13 other cases envisaged in the laws of the Russian Federation and these Articles of Association.
- 17.6 The General Meeting of Shareholders may neither resolve on items beyond its agenda, nor change its agenda.
- 17.7 The General Meeting of Shareholders is to adopt the procedure for holding of the General Meeting of Shareholders in the manner established by the Regulations on the General Meeting of Shareholders.

Article 18. The Board of Directors of the Company

- 18.1 The Board of Directors of the Company is in charge of the overall management of the Company's business and acts on the basis of these Articles of Association and Regulations on the Board of Directors approved by the General Meeting of Shareholders.
- 18.2 Subject to a resolution of the General Meeting of Shareholders, the members of the Board of Directors may receive remunerations and compensation of expenses relating to the execution of their duties as members of the Board of Directors while in office. The amounts of such remunerations and compensations are to be determined by resolution of the General Meeting of Shareholders.

Article 19. The Competence of the Board of Directors of the Company

- 19.1 The competence of the Board of Directors of the Company encompasses the following issues:
- 19.1.1 to set priority areas for the Company's business;

- 19.1.2 to approve the Company's strategy, prospective plans, key business programs, amendments and supplements thereto and to review the relevant follow-up reports;
- 19.1.3 to approve the Company's budget and amendments thereto and to review the budget performance report;
- 19.1.4 to preliminarily approve the annual report and annual accounting (financial) statements;
- 19.1.5 to review the results of the Company's financial and business performance in the reporting period (quarter, year);
- 19.1.6 to convene annual and extraordinary General Meetings of Shareholders of the Company;
- 19.1.7 to approve the agenda of the General Meeting of Shareholders;
- 19.1.8 to set the date for listing persons eligible to attend the General Meeting of Shareholders and other items of business assigned to the authority of the Board of Directors by the applicable laws of the Russian Federation, these Articles of Association and internal corporate documents, as regards the preparation and convention of the General Meeting of Shareholders;
- 19.1.9 to have the Company place its bonds and other issued securities except the placement of shares, bonds convertible into the Company's shares and other issued securities convertible into the Company's shares;
- 19.1.10 to determine the price (monetary value) of property, placement price or the procedure for its determination, and redemption price of issued securities in cases envisaged in Federal Law "On Joint Stock Companies" and these Articles of Association;
- 19.1.11 to have the Company acquire its placed shares in the amount not exceeding 10 per cent of the total number of the Company's placed shares;
- 19.1.12 to acquire bonds and other issued securities placed by the Company except the Company's shares specified in paragraph 19.1.11 above, in cases envisaged in the applicable laws of the Russian Federation;
- 19.1.13 to sell shares issued and then acquired by the Company;
- 19.1.14 to approve the report on the results of the acquisition of shares with the purpose of their cancellation and the report on the results of such cancellation;
- 19.1.15 to approve the report on the results of Shareholders' request to acquire shares held by them;
- 19.1.16 to appoint the Management Board of the Company and its members, to decide on an early termination of the duties of some or all of the Management Board's members;
- 19.1.17 to determine material terms and conditions of contracts concluded with the President of the Company and the members of the

- Management Board and to appoint the person authorized to sign such contracts on the Company's behalf;
- 19.1.18 to approve the concurrent office holding by the President of the Company and the members of the Management Board in management bodies of other companies;
 - 19.1.19 to provide recommendations on the amounts of remunerations and compensations allowed to the members of the Revision Commission of the Company;
 - 19.1.20 to determine the amount of the auditor's remuneration;
 - 19.1.21 to provide recommendations on the amount and procedure of payment of dividends on shares;
 - 19.1.22 to provide recommendations on the setting of a date when persons entitled to receive dividends shall be determined;
 - 19.1.23 to use the Reserve Fund and other funds of the Company;
 - 19.1.24 to approve major transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 19.1.25 to approve related-party transactions in cases envisaged in Federal Law "On Joint Stock Companies";
 - 19.1.26 to approve the Company's registrar and terms and conditions of a contract to be concluded or amended or terminated with the latter for the keeping of the register of holders of registered securities;
 - 19.1.27 to make a decision to apply for the delisting of the Company's shares and (or) issued securities convertible into the Company's shares;
 - 19.1.28 to approve resolutions on the issuance (additional issuance) of securities, bond programs, prospectuses of securities and amendment thereof;
 - 19.1.29 to prepare proposals and put forward items of business to the General Meeting of Shareholders which, according to laws of the Russian Federation and these Articles of Association, shall be resolved by the General Meeting of Shareholders by proposal of the Board of Directors;
 - 19.1.30 to accept recommendations on a voluntary or mandatory offer received by the Company in accordance with Federal Law "On Joint Stock Companies";
 - 19.1.31 to elect the Chairperson and the Deputy Chairperson of the Board of Directors;
 - 19.1.32 to establish committees of the Board of Directors, to approve their composition and to elect their chairpersons;
 - 19.1.33 to determine principles of organization of the Company's internal control, risk management and internal audit;

- 19.1.34 to determine key indicators of the performance efficiency for the Company, President and members of the Management Board and to follow-up their accomplishment of the same;
- 19.1.35 to initiate the audit of the Company's financial and business operations by the Revision Commission;
- 19.1.36 to establish criteria for the designation of a Transneft subsidiary¹ as an essential Transneft subsidiary;
- 19.1.37 to approve the Company's organizational structure (Vice Presidents, structural units reporting directly to the President or Vice President) prior to its final approval by the President of the Company;
- 19.1.38 to decide upon the Company's participation and termination of its participation in essential Transneft subsidiaries;
- 19.1.39 to approve transactions worth over RUB 100 billion effected by the Company, unless these Articles of Association specify a different approval procedure for such transactions;
- 19.1.40 to have the Company provide donations, including charitable donations and sponsorship worth over RUB 1 billion;
- 19.1.41 to determine the Company's position on the following issues:
 - (i) reorganization and liquidation of the essential TS;
 - (ii) increase of the authorized capital of an essential TS if such increase results in reduction of the Company's direct and indirect share;
 - (iii) approval of TS transactions worth over RUB 100 billion, unless a different approval procedure for TS transactions is established by these Articles of Association;
 - (iv) alienation of the Company's shares held by TS;
 - (v) acquisition or alienation by essential TS of shares (shareholding) in third parties' authorized capitals if the value of such transaction is equal to or exceeds 15 per cent of the book value of assets of such essential TS as determined by its accounting statements for the last reporting date;
 - (vi) making of a donation by TS, including a charitable donation or sponsorship worth over RUB 1 billion;
- 19.1.42 to approve the appointment of sole executive bodies of essential TS;
- 19.1.43 to approve the Company's internal documents:
 - (i) Regulations on the committees of the Board of Directors of the Company;

¹ For the purposes of these Articles of Association the definition "Transneft subsidiaries" (abbreviated "TS") shall mean entities with a more than 20 per cent share of their authorized capitals held, directly and (or) indirectly, by the Company.

- (ii) regulatory documents determining basic principles of organization of the Company's business in the following fields:
 - (1) dividend policy;
 - (2) internal control and risk management system;
 - (3) internal audit;
 - (4) information policy;
 - (5) counteracting illegal use of inside information;
 - (6) purchases;
 - (7) investments;
 - (8) innovations;
 - (9) quality management;
 - (10) corporate management (including formation of TS management bodies);
 - (11) social policy and pensions;
 - (12) sponsorship and charity;
 - (13) economic efficiency enhancement;
 - (14) performance efficiency assessment (including performance assessment of the Company's management bodies);
- (iii) other internal documents of the Company stipulated by these Articles of Association and applicable laws of the Russian Federation;

19.1.44 other issues stipulated by Federal Law "On Joint Stock Companies" and these Articles of Association.

19.2 The issues within the authority of the Board of Directors of the Company may not be transferred to the Company's executive bodies for resolution.

Article 20. Procedure for the Election of Members of the Board of Directors of the Company

20.1 The Board of Directors of the Company comprises 9 members.

20.2 The General Meeting of Shareholders elects members of the Board of Directors by cumulative voting for a term till the next annual General Meeting of Shareholders.

20.3 If an annual General Meeting of Shareholders was not held within the time limits specified in these Articles of Association, the powers of the Board of Directors terminate, except the powers to prepare for, convocate and hold the General Meeting of Shareholders.

20.4 By resolution of the General Meeting of Shareholders, the powers of all of the members of the Board of Directors may be early terminated.

- 20.5 Persons elected to the Board of Directors may be re-elected for a new term infinitely.
- 20.6 A member of the Board of Directors must be an individual only. A member of the Board of Directors is not supposed to be a Shareholder of the Company.
- 20.7 Members of the Management Board may not represent more than one fourth of the Board of Directors. The President of the Company may not act as Chairperson of the Board of Directors.

Article 21. Chairperson of the Board of Directors of the Company

- 21.1 The Chairperson and Deputy Chairperson of the Board of Directors are to be elected by the members of the Board of Directors from among themselves by a majority of all their votes. The Board of Directors is eligible to re-elect at any time its Chairperson and Deputy Chairperson by a majority of its members' votes.
- 21.2 The Chairperson of the Board of Directors is in charge of the Board's activities and meetings, takes the chair and arranges for the minutes keeping at such meetings, and performs other duties set out in the Company's internal documents.
- 21.3 In the absence of the Chairperson of the Board of Directors, the Deputy Chairperson shall perform his/her duties. In the absence of the latter the abovementioned duties shall be performed by a member of the Board of Directors subject to the Board's resolution.

Article 22. Procedure for the Decision Making by the Board of Directors of the Company

- 22.1 A meeting of the Board of Directors is to be convened by the Chairperson of the Board of Directors on his/her motion or by request of a member of the Board of Directors, President, the Management Board, the Revision Commission or the Company's external auditor.
- 22.2 The procedure for the convocation and holding of meetings of the Board of Directors is set out in these Articles of Association and the Regulations on the Board of Directors of the Company.
- 22.3 The quorum for a meeting of the Board of Directors is the attendance of such meeting by at least a half of the elected members of the Board of Directors.
- 22.4 When resolving issues at a meeting of the Board of Directors, each member of the Board of Directors is entitled to one vote. In case of the equality of votes, the Chairperson of the Board of Directors shall have a casting vote. The casting vote of the Chairperson of the Board of Directors may not be used by the Deputy Chairperson of the Board of Directors or any other member exercising the Chairperson's functions in case the Chairperson is not present.
- 22.5 A member of the Board of Directors is not allowed to delegate his/her voting right to another person, including another member of the Board of Directors.

- 22.6 Resolutions shall be taken at a meeting of the Board of Directors of the Company by a majority of votes of the members of the Board of Directors attending the meeting, unless Federal Law “On Joint Stock Companies” and these Articles of Association provide otherwise.
- 22.7 Resolutions on the matters specified in Articles 19.1.1-19.1.8, 19.1.10, 19.1.16, 19.1.21, 19.1.26, 19.1.27, 19.1.29-19.1.32, 19.1.34, 19.1.38-19.1.41, 19.1.43 of these Articles of Association shall be taken by a majority of all of the votes of the elected members of the Board of Directors.
- 22.8 In determining the quorum and voting results on the agenda, a written opinion of a member of the Board of Directors not present at the meeting of the Board of Directors shall be taken into account.
- 22.8.1 The procedure for the submission and consideration of written opinions of the members of the Board of Directors is set out in the Regulations on the Board of Directors of the Company.
- 22.9 Where necessary, a resolution of the Board of Directors may be passed by an absentee voting.
- 22.10 Resolutions on the following matters shall be passed by the Board of Directors predominantly at meetings held in person:
- 22.10.1 setting of the Company’s business priorities;
- 22.10.2 approval of the Company's strategy, prospective development plans and key business programs;
- 22.10.3 approval of the Company’s budget;
- 22.10.4 preliminary approval of the annual report, annual accounting (financial) statements;
- 22.10.5 convention of the annual and extraordinary General Meeting of Shareholders;
- 22.10.6 approval of the agenda of the General Meeting of Shareholders;
- 22.10.7 making of a decision to apply for the delisting of the Company’s shares and (or) issued securities convertible into the Company’s shares;
- 22.10.8 drafting of proposals and submission of matters for approval by the General Meeting of Shareholders as regards the Company’s reorganization, liquidation and appointment of a liquidation commission.
- 22.11 The minutes of a meeting of the Board of Directors shall be drafted within three days from the meeting in the manner established by the Regulations on the Board of Directors of the Company.

Article 23. The Management Board of the Company

- 23.1 The Management Board of the Company is a collective executive body acting in accordance with laws of the Russian Federation, these Articles of Association

and the Regulations on the Management Board of the Company, approved by the General Meeting of Shareholders.

- 23.2 The composition of the Management Board is to be approved by the Board of Directors on motion of the Company's President. The powers of individual members or of the entire Management Board may be terminated by resolution of the Management Board.
- 23.3 Rights and duties of members of the Management Board are set out in laws of the Russian Federation, these Articles of Association, the Regulations on the Management Board of the Company, as well as in a contract concluded by each of them with the Company.
- 23.4 The competence of the Management Board encompasses the following issues:
 - 23.4.1 drafting of proposals on the Company's priority business areas for the Board of Directors;
 - 23.4.2 drafting of proposals on the Company's business changes and expansion for the Board of Directors;
 - 23.4.3 drafting of proposals as regards the preliminary approval of the annual report, budget and review of the budget performance report for the Board of Directors;
 - 23.4.4 approval of the Company's transactions worth between RUB 50 billion (exclusive) to RUB 100 billion (inclusive), unless a different transaction approval procedure is established by these Articles of Association;
 - 23.4.5 making of a decision on the Company's participation and termination of the participation in other entities, except when such decision is to be taken by the Management Board or the Board of Directors with regard to specific entities;
 - 23.4.6 making of a decision on the establishment/liquidation of branches and opening/closing of representative offices of the Company;
 - 23.4.7 making of a decision on donating including charitable donations worth between RUB 100 thousand (exclusive) to RUB 1 billion (inclusive);
 - 23.4.8 making of a decision on sponsorship worth up to RUB 1 billion (inclusive);
 - 23.4.9 approval of the key performance indicators for the Company's subsidiaries and the relevant follow-up analysis;
 - 23.4.10 approval of transactions with shares (interests) of essential TS;
 - 23.4.11 approval of the Company's real estate transactions worth between RUB 10 billion (exclusive) to RUB 100 billion (inclusive);
 - 23.4.12 approval of the Company's organizational structure;
 - 23.4.13 determination of the Company's position on the following issues:
 - (i) reorganization and liquidation of a TS (other than essential TS);

- (ii) increase of the authorized capital of a TS (other than essential TS) if such increase results in reduction of the Company's direct or indirect shareholding;
 - (iii) approval of TS transactions worth between RUB 50 billion (exclusive) to RUB 100 billion (inclusive), unless these Articles of Association provide for a different TS transaction approval procedure;
 - (iv) acquisition or alienation of shares (interests) in authorized capital of third parties by TS (other than essential TS), including at the moment of their establishment, worth 15 per cent or more of the book value of the TS assets as determined according to its financial statements for the last reporting date;
 - (v) making of donations by TS, including charitable donations, worth between RUB 100 thousand (exclusive) to RUB 1 billion (inclusive);
 - (vi) TS sponsorship worth up to RUB 1 billion (inclusive);
 - (vii) approval of TS real estate transactions worth between RUB 10 billion (exclusive) to RUB 100 billion (inclusive);
 - (viii) approval of transactions with shares (interests) of essential TS;
- 23.4.14 approval of the Company's internal policy documents and review of the relevant follow-up reports submitted to the Management Board by resolution of the President of the Company, except documents approvable by the Board of Directors;
- 23.4.15 approval of the Company's internal documents relating to:
- (i) social benefits, guarantees and compensations for employees;
 - (ii) human resources policy, remunerations and bonuses for employees;
 - (iii) security and anti-corruption policy;
 - (iv) TS business performance enhancement.
- 23.5 The Management Board is entitled to resolve on other issues of the Company's day-to-day management on behalf of the Board of Directors, its committees or the President of the Company, except matters within the authority of the General Meeting of Shareholders and the Board of Directors.
- 23.6 The President of the Company is in charge of the arrangement of meetings of the Management Board. The procedure for convention and holding of meetings of the Management Board, as well as the decision making by the Management Board is set out in the Regulations on the Company's Management Board.
- 23.7 The keeping of minutes is required at the Management Board's meetings. The President of the Company signs the Minutes and submits them to the members of the Board of Directors, the Revision Commission and the Company's auditor whenever they require to do so.
- 23.8 The quorum for a meeting of the Management Board is at least a half of the total elected members of the Management Board.

- 23.9 A member of the Management Board is not allowed to delegate his/her voting right to another person, including another member of the Management Board.

Article 24. The President of the Company

- 24.1 The President of the Company acts as a sole executive body. The President of the Company is appointed by the General Meeting of Shareholders for up to five years and acts as the Chairperson of the Management Board.
- 24.2 The President of the Company is in charge of the day-to-day management of the Company's business and report to the Board of Directors and the General Meeting of Shareholders.
- 24.3 The President acts without the power of attorney on behalf of the Company, represents its interests, issues orders and instructions binding upon all of the Company's employees, issues powers of attorney to represent the Company interests, signs all and any documents on behalf of the Company, applies on the Company's behalf to any organizations on any matters relating to the protection of the Company's interests.
- 24.4 The authority of the President of the Company encompasses all issues relating to the management of the Company and TS, except those assigned by these Articles of Association to the authority of the General Meeting of Shareholders, the Board of Directors and the Management Board. The President's authority encompasses :
- 24.4.1 day-to-day management of the Company's business in accordance with the resolutions of the General Meeting of Shareholders and the Board of Directors;
 - 24.4.2 representation of the Company before any Russian and foreign legal entities and individuals;
 - 24.4.3 appointment of heads of the Company's branches and representative offices and termination of their authorities;
 - 24.4.4 approval of regulations on the Company's branches and representative offices;
 - 24.4.5 approval of the payroll, allocation of responsibilities between the Company's officers, determination of remunerations and provision of compensations, social benefits and guarantees to employees;
 - 24.4.6 making of all and any transactions on behalf of the Company including those subject to approval by the General Meeting of Shareholders, the Board of Directors, the Management Board in accordance with laws and (or) these Articles of Association;
 - 24.4.7 submission of proposals to the Board of Directors on the appointment or dismissal of members of the Management Board;
 - 24.4.8 arrangement for and convention of meetings of the Management Board;
 - 24.4.9 determination of the contents and scope of information classified as commercial secret and setting of the procedure for its protection;

- 24.4.10 encouragement of state secrets' protection within the Company, ensuring of the compliance with legislative restrictions as regards the state secret;
- 24.4.11 making of a decision on:
 - (i) transactions worth up to RUB 50 billion (inclusive) unless these Articles of Association provide otherwise;
 - (ii) real estate transactions worth up to RUB 10 billion (inclusive);
 - (iii) donations including charitable donations worth up to RUB 100 thousand (inclusive);
- 24.4.12 approval of the list of the Company's essential TS based on the criteria established by the Board of Directors;
- 24.4.13 determination of the Company's position on the following matters:
 - (i) approval of transactions worth between RUB 1 billion (exclusive) to RUB 50 billion (inclusive) made by TS, unless these Articles of Association provide otherwise;
 - (ii) making of donations by TS, including charitable donations, worth RUB 100 thousand or less;
 - (iii) approval of TS real estate transactions worth between RUB 100 million (exclusive) to RUB 100 billion (inclusive);
 - (iv) approval of transactions with shares (interests) of TS other than essential TS;
 - (v) approval of TS budgets;
 - (vi) election of General Directors and members of the Boards of Directors of TS;
 - (vii) approval of TS organizational structure;
- 24.4.14 approval of internal documents of the Company, except those subject to approval by the Board of Directors and Management Board in accordance with these Articles of Association;
- 24.4.15 taking of measures so as to ensure the safety and protection of information classified as a state secret and data media containing it in case of reorganization or liquidation of the Company or termination of work involving such information;
- 24.4.16 making of a decision on any issues other than those assigned to the authority of the General Meeting of Shareholders, the Board of Directors and the Management Board.
- 24.5 The President of the Company is entitled to submit to the Management Board any issues within his/her authority as defined by these Articles of Association.
- 24.6 Rights and duties, conditions and amount of remuneration payable to the President of the Company are stipulated by the contract between the President and the Company. The contract is signed on behalf of the Company by the Chairperson of the Board of Directors or other person authorized by the Board of Directors.

- 24.7 In case the President of the Company becomes unable to exercise his/her functions, the term of the President's office has expired or his/her powers have been early terminated, and the Company's new sole executive body has not been established, the Board of Directors of the Company becomes entitled to make a decision on the establishment of a temporary sole executive body of the Company. The decision is to be made by a three-fourths majority of the votes of the Board of Directors, and the votes of former Board members shall not count.
- 24.8 The Company's temporary sole executive body manages the Company's current operations having the same scope of authority as is vested in the President of the Company.

Article 25. The Company's Revision Commission

- 25.1 The Company's Revision Commission supervises the Company's financial and business operations.
- 25.2 The operating procedures of the Company's Revision Commission are set out in the Regulations on the Revision Commission approved by the General Meeting of Shareholders.
- 25.3 The Company's Revision Commission is elected by the General Meeting of Shareholders for the period till the next annual General Meeting of Shareholders in accordance with the Regulations on the Revision Commission and Federal Law "On Joint Stock Companies".
- 25.4 It is the authority of the Revision Commission:
- 25.4.1 to perform audits/inspections of the Company's financial and business operations;
 - 25.4.2 to confirm reliability of the data provided in reports and other financial documents of the Company;
 - 25.4.3 to draft proposals/recommendations to improve the Company's financial and business operations, assets management, risk management and internal control systems;
 - 25.4.4 to supervise correcting actions and recommendations' follow-ups as reflected in previous audit (inspection) reports.
- 25.5 Audits/inspections of the Company's financial and business operations are performed based on the Company's results for the given year and also at any time by initiative of the Company's Revision Commission, by resolution of the General Meeting of Shareholders or by request of a Shareholder(s) jointly holding at least 10 percent of the Company's voting shares.
- 25.6 Whenever required by the Revision Commission to do so, all officers of the Company's management bodies must submit to the Revision Commission documents relating to the Company's financial and business operations.
- 25.7 The Company's Revision Commission is entitled to require the convention of an extraordinary General Meeting of Shareholders.
- 25.8 By resolution of the General Meeting of Shareholders, members of the Company's Revision Commission may receive remunerations and/or

compensation of expenses incurred by them in the course of execution of their duties while in office. The amounts of such remunerations and compensations are determined by resolution of the General Meeting of Shareholders.

Article 26. The Company's Auditor

26.1 The Company's Auditor audits the Company's financial and business operations according to laws of the Russian Federation and based on a contract concluded between him/her/it and the Company.

26.2 The Company's Auditor is approved by the General Meeting of Shareholders. The Auditor's remuneration is determined by the Board of Directors.

Article 27. Performance of the Mobilization Assignments by the Company

The Company must:

- (1) arrange for and ensure the mobilization training and mobilization in accordance with laws of the Russian Federation, decrees of the President of the Russian Federation, regulations of federal executive authorities and approved mobilization plans;
- (2) conclude agreements (contracts, deals) with the appropriate governmental authorities in the manner established by laws of the Russian Federation on performance of the approved mobilization assignments and the utilization of the mobilization facilities or mobilization reserves (stocks) not subject to privatization.