

APPROVED
by the General Shareholders Meeting
of Open Joint-Stock Company
Obyedinenniye Mashinostroitelniye
Zavody
(Uralmash-Izhora Group)
Minutes dated 27 June 2005

BYLAW
ON REMUNERATION AND REIMBURSEMENT OF
EXPENSES TO THE MEMBERS OF THE BOARD OF
DIRECTORS
OF OPEN JOINT-STOCK COMPANY
OBYEDINENNIYE MASHINOSTROITELNIYE
ZAVODY
(URALMASH-IZHORA GROUP)

City of Yekaterinburg
2005

Article 1. General Provisions

This Bylaw on Remuneration of the Members of the Board of Directors of Open Joint Stock Company Obyedinenniye Mashinostroitelniye Zavody (Uralmash-Izhora Group) (hereinafter the "Bylaw") sets forth the grounds, amount and procedure of payment of remuneration and reimbursement of expenses to the members of the Board of Directors during the term of their service (hereinafter, the "compensation").

Article 2. Grounds, Amount and Procedure of Payment of Remuneration and Compensation

1. Each member of the Board of Directors of the company is entitled to remuneration, except for those Board members who have not participated in more than half of the Board meetings during the term for which the Board of Directors was elected, irrespective of the form of the meetings.
2. Remuneration payable to a Board member for the entire term of membership shall be 450,000 (Four Hundred and Fifty Thousand) Rubles, and if a Board member acts as a Chairman of a committee of the Board of Directors – 1,130,000 (One Million One Hundred and Thirty Thousand) Rubles.
3. Each Board member is entitled to reimbursement of expenses incurred by him in connection with his functions as a Board member. Reimbursable expenses shall include documented expenses incurred in connection with payment for airplane or railway tickets purchased in the name of the Board member irrespective of the passenger travel class, and other expenses incurred in connection with return travel to a destination; entertainment expenses; hotel and other accommodation expenses; airport fees, commission fees, transportation expenses to/from airports or railway stations in the points of departure, arrival or connection, baggage transportation expenses, communication charges, obtaining and registration of a foreign travel passport, visa expenses, and expenses related to currency exchange or exchange of a check for cash in foreign currency. In case no documents confirming expenses are provided such expenses shall be reimbursed on the basis of the market value of similar services or charges.
4. The remuneration shall be paid within 30 (Thirty) banking days from the termination date of the powers of the Company's Board member. In case of early termination of the powers of a Board member the remuneration payable to such Board member shall be calculated pro rata to the actual term of service of such Board member.
5. The compensation shall be payable within 5 (Five) banking days from filing a compensation request.
6. The Bylaw on remuneration of the Board members shall be approved by the Annual General Shareholders Meeting.

Proposals to amend this Bylaw or to approve a new version hereof shall be made in accordance with the procedure set forth in the Charter for making proposals to the agenda of the annual or extraordinary general shareholders meetings.