

Explanatory note
to the draft Charter of OJSC LSR Group in the new edition,
submitted to the Meeting of Shareholders of OJSC LSR Group on 07/04/2015.

The changes to the Company Charter in effect, registered on 03/07/2014, are basically stipulated by the necessity of bringing the provisions of the Charter in accordance with the changed legislation of the Russian Federation and recommendations of the Code of Corporate Governance.

The following basic changes and specifications are introduced into the Charter:

1. The full and abbreviated names of the Company, as well as its location are brought into compliance with RF law.
2. The Charter secures the regulatory requirements that in a public company, the functions of the accounting committee at the General Meeting of Shareholders should be executed by an independent company which has a legal license and manages the register of the Company's shareholders (by an independent Registrar). Provisions related to the formation of an accounting committee by the Company itself are excluded from the Charter.
3. In accordance with the law, the Charter secures the obligation of the Company to enter into the Unified State Register of Legal Entities information regarding its branches and representative offices with an indication of their addresses.
4. In accordance with RF law, the Company's Charter introduces a ban on placing preferred shares, the par value of which is below the par value of common stock.
5. In accordance with the recommendations of the Code of Corporate Governance, the Charter secures the obligation of the Company to post the minutes of the General Meeting of Shareholders on the Company's website on the Internet no later than 3 (three) days from the date of compilation of the minutes.
6. In accordance with the recommendations of the Code of Corporate Governance, the competence of the Company's Board of Directors is supplemented with the following new authority:
 - 1) approval of the general policy for risk management and internal control of the Company;
 - 2) approval of the Company's information policy;
 - 3) approval of the Company's policy for compensating and/or reimbursing expenses (compensations) of members of the Board of Directors, executive bodies and other key company managers;
 - 4) approval of the Company's policy regarding ownership by the Board of Directors members and shares (stake) of the legal entities under control of the Company;
 - 5) approval of the Company's dividend policy;
 - 6) determination of the development strategy, review of the important issues of the activity of the legal entities under the Company's control and assessment of their performance results;
 - 7) adopting of recommendations regarding voluntary or obligatory suggestions made to the Company;
 - 8) approval of sales transactions of shares (stakes) of legal entities under the Company's control which are significant for it, as a result of the execution of which the Company loses control over such legal entities.
5. In accordance with the recommendations of the Code of Corporate Governance, the Charter toughened the decision making procedure for a number of issues related to the competence of the Board of Directors: previously established requirement to reach a simple majority of votes needed to make a decision was amended to a requirement to reach a majority of votes of all elected members of the Board of Directors.