

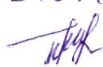
APPROVED BY
the MOTOR SICH JSC
General Shareholder Meeting
Minutes No. 18
dated May 19, 2011
Chairman of the General Shareholder
Meeting
 (signed) **A. Malysh**

*(round seal): MOTOR SICH JSC,
Ukraine, code 14307794*

**REGULATION ON A SEPARATE SUBDIVISION OF THE
MOTOR SICH JOINT STOCK COMPANY - VOLOCHYS'K
MACHINE-BUILDING PLANT**

Zaporozhye

2011

Translator: Ilona Kirgieieva
04.08.15 

1. GENERAL PROVISIONS

1.1 The Volochys'k machine-building plant (hereinafter referred to as the plant) is part of the MOTOR SICH joint stock company (hereinafter referred to as the Company), which is unincorporated and is a separate subdivision with the right to open current and settlement accounts.

1.2 In its activity the plant is governed by the legislation of Ukraine, international, state and branch regulatory documents, the requirements of the Charter of the Company, the MOTOR SICH JSC quality policy, quality manual, information security policy, orders and instructions of the Company's managers, regulatory documents, regulations and instructions of the Company.

1.3 The plant has a seal with its full name and the name of the Company.

1.4 The plant has current or settlement accounts in bank institutions in national and foreign currency for financial settlements with employees, local organizations for the delivery of public services, transport and other services, for payment for materials and component parts, and for receiving earnings from sales of products and goods.

Note: In case of necessity of a technical reequipment of property, plant and equipment or renovation of the plant, an account for capital construction can be opened.

1.5 Legal address:

Nezalezhnosti str., 1, Volochys'k, Khmelnyts'kyi Province, Ukraine, 31200

Tel.: (03845) 3-54-74, 3-68-36, 6-45-66 Fax: 3-68-30

1.6 The plant has its own balance, which is part of the Company's balance.

2 PROPERTY AND FUNDS OF THE PLANT

2.1 Fixed and current assets, appropriated for the plant, are part of the property of the MOTOR SICH JSC.

2.2 The plant has the right sell or lease out its machines, equipment and other means of production to other companies and organizations only in accordance with the established procedure and in coordination with the Board of Directors.

2.3 For more effective use of fixed assets the plant has the right to underlease in accordance with the legislation to legal and natural persons the following:

- a) equipment, which is not used in a technological process;
- b) production areas;
- c) individual production and non-production areas;
- d) transport vehicles.

3 PRODUCTION AND ECONOMIC ACTIVITY OF THE PLANT

3.1 The activities of the plant include:

3.1.1 Production and marketing of consumer goods and power plants in domestic and international markets.

Note: Marketing of products in international markets is carried out in coordination with the Foreign Trade Department of the Company.

3.1.2 Service maintenance and warranty service on the products delivered.

3.1.3 Marketing research and trend analysis of the market of industrial goods, consumer goods, power plants and intellectual property.

Note: Measures, taken abroad, are coordinated with the Foreign Trade Department of the Company.

3.1.4 Promotional events and exhibition arrangements.

Note: Participation of the plant in promotional events and exhibition arrangements is coordinated with the Foreign Trade Department of the Company.

3.1.5 Development, approval and support of design (Company Standard 549.16.141, Company Standard 549.400.1) and process control documents for the consumer goods.

3.1.6 Implementation of innovative scientific and technical achievements and best practices, updated norms of consumption of raw materials, fuel and electric power to reduce the prime cost of the products and to expand the market.

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3.1.7 Acquisition, sale, exploitation of all types of patents, certificates and licenses for all types of industrial property, processes and drawings, know-how, industrial prototypes, trademarks in coordination with the Chief Designer Office (Patenting Group) of the Company.

3.1.8 Organization of works on rationalization and development of inventions, ensuring a timely consideration and implementation of inventions and rationalization proposals.

3.1.9 Organization of services in international economic, financial and trade activity and logistics.

3.1.10 Broker activity.

3.1.11 Construction of production and non-production facilities.

3.1.12 Construction, commissioning, mounting, repair and design works.

3.1.13 Works and services, connected with the upkeep and operation housing and non-housing facilities and social and cultural facilities.

3.1.14 Organization of leasing, engineering and dealer services.

3.1.15 Organization of investment, agricultural and commercial activities in accordance with the current legislation of Ukraine.

3.1.16 Carrying out individual types of activity on import and export of industrial, scientific and technical products, know-how, intellectual property, consumer goods and other products in coordination with the Company's managers and the Foreign Trade Department.

3.1.17 Organization and carrying out domestic and international passenger and cargo transportation by rail and by road.

3.1.18 Public and medical services, services in the trade and food service industry.

3.1.19 Foundation and operation of administrative, sports and recreation, cultural, entertaining facilities and hotels for commercial purposes.

3.1.20 Training and skills upgrading for the personnel in accordance with the Company Standard 549.00.077, certification of the personnel and other learning and teaching activities – in accordance with the Company Standards 549.00.219, 549.00.219.0, 549.00.219.1, 549.00.219.2, 549.00.219.3.

3.1.21 Repair of communication facilities, office machines and equipment, alarm systems, radiocommunication, telecommunication and computer networks.

3.1.22 Organization of exploitation of deposits and mineral resources, their utilization and sales by concluding agreements with relevant organizations, including the extraction (development) of underground mineral waters with a purpose of industrial and domestic water supply, organization and improvement of medical treatment and health improvement of the population.

3.1.23 Fire prevention works and services in construction.

3.2 The plant carries out engineering and economic planning in accordance with the Company Standard 549.00.414.0 and 549.00.414.1.

3.3 The plant can make proposals or, at the direction of the Chairman of the Board of Directors, make changes to the organizational and management structure, form or cancel any business unit on the basis of conditions and peculiarities of production and a necessity to ensure the production activity of the plant and the Company in order to improve production and economic activities of the plant.

3.4 The plant carries out its production and economic activity in accordance with the current systems of internal production planning and economic accounting, ensures the best results at the least consumption of human, material and financial resources.

3.5 The plant ensures the quality level of products in accordance with state and branch regulatory documents, standards, engineering and process documents of the Company, the quality system, which is effective in the Company, the requirements of the MOTOR SICH JSC Quality Policy and the Quality Manual.

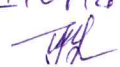
3.6 The plant has the right to develop:

a) regulations on structural units;

b) job descriptions of the personnel;

c) instructions on labour, environmental and fire protection;

d) documents, which contain procedures for executing processes within the scope of the activity, which is carried out by the plant.

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3.6.1 The plant has to ensure the meeting of requirements of the Company's regulatory documents (standards, instructions, etc.) when drawing up the documents.

3.6.2 The plant's quality certification department assigns the designation.

3.6.3 The plant's quality certification department registers, maintains records, saves and makes changes to the regulatory documents in accordance with the Company Standards 549.021 and 549.01.176.

3.7 The plant carries out business, tax and statutory accounting of all types of activity; carries out statistical reporting and timely presents the reports to relevant departments of the Company's head office, regional and provincial statistical organizations and the tax administration.

3.8 The plant carries out and constantly improves the work organization and standardization; creates conditions for high-production labour, constant increase of labour productivity and professional excellence; ensures abiding by labour legislation, legislation on professional safety and environmental protection; ensures observing the labour discipline.

3.9 On behalf of the Company the plant concludes economic agreements (Company Standard 549.216) and contracts, the list and types of which are approved by the Chairman of the Board of Directors, and for which the plant is responsible with the Company's property.

3.10 The plant calculates the prices for mutually supplied goods and communicates steady prices to the Finance and Economy Department of the Company. The plant sets wholesale prices for the products, produced at the plant (except for aviation products and power plants), gets them approved in accordance with the established procedure and communicates them to the Finance and Economy Department of the Company.

3.11 On behalf of the Company the plant takes part in arbitral procedures on the disputes, which occur when concluding economic agreements in accordance with the rights, granted to it, and when prolonging, changing, dissolving or performing such agreements.

3.12 The plant carries out any types of activity, if they are not prohibited by the legislation of Ukraine and meet the purposes, provided by this Regulation. The types of activity, which require special permissions, are carried out after obtaining a license.

3.13 The audit of financial and economic activity of the plant is carried out by the Auditing Committee of the Company.

3.14 Control of individual activities of the plant is carried out by the State Administration of Taxation, government bodies, which supervise the industrial, professional, fire and environmental safety, and other bodies in accordance with the current legislation of Ukraine.

Note 1. Bodies, which control individual types of the plant's activity, exercise powers within their competence, determined by legislative acts of Ukraine.

Note 2. The plant has the right not to fulfil the requirements of these bodies, if such requirements are beyond their powers.

4 PLANT MANAGEMENT

4.1 The plant is headed by the Director.

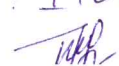
4.1.1 The Director of the Plant is directly subordinate to the Chairman of the Board of Directors of the Company, and is functionally subordinate to directors of the Company, depending on their activity and within their powers.

4.2 The Director of the plant, his deputies and the Chief Accountant are appointed to an office and deprived of an office by the order of the Chairman of the Board of Directors, drawn up in accordance with the Company Standard 549.350.

4.3 The Director of the plant carries out all economic operations on fulfillment of the plan, approved by the Board of Directors, under and within the power of attorney, issued by the Chairman of the Board of Directors.

4.4 The director of the plant and the chief accountant sign financial, material and property-related, payment and credit documents as well as reports and balance sheets.

4.5 Structure of divisions of the plant, their business relationship and relations with functional departments of the Company are regulated by the regulations, orders, instructions and standards,

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approved by the Chairman of the Board of Directors, internal orders of the plant in accordance with the current legislation of Ukraine.

5 RELATIONS OF THE PLANT

5.1 Relations of the plant with executive bodies and local government bodies are built in accordance with the current legislation of Ukraine, the Law "On local administration in Ukraine", and other legislative acts, which determine the competence of these bodies.

5.2 Relations of the plant with separate subdivisions of the Company are built in accordance with the current legislation of Ukraine, the Charter of the Company and effective regulatory documents.

6 JOB DESCRIPTION OF THE DIRECTOR OF THE PLANT

6.1 General provisions

6.1.1 The main task of the Director of the Plant is a progressive management of the plant, ensuring its profitable activity by means of coordination of all subdivisions of the plant to reach socially useful goals and get an estimated profit, ensuring a timely and qualitative fulfillment of tasks and functions, assigned to him by this Regulation, the requirements of the MOTOR SICH JSC quality policy, information security policy, other regulatory documents, which regulate the protection of official secrets, confidential information, the state property and the Company's commercial secret.

6.1.2 The Director of the plant is appointed to an office and deprived of an office by the order of the Chairman of the Board of Directors, drawn up in accordance with the Company Standard 549.350.

6.1.3 A person, who has got higher technical or economic education, at least five-year experience of work as a manager, and the certificate on professional competence, can be appointed the Director of the plant (Company Standard 549.00.219.0).

6.1.4 The Director of the plant acts on behalf of the Company under and within the power of attorney, issued by the Chairman of the Board of Directors.

6.1.5 In his activity the Director is governed by the current legislation of Ukraine and other legislative and regulatory acts, the Charter of the Company, orders and instructions of the Chairman of the Board of Directors, regulatory documents of the Company, the Collective Employment Agreement and this Regulation.

6.2 The Director shall:

6.2.1 Effectively manage all types of the plant's activity in accordance with the current legislation of Ukraine and the Charter of the Company.

6.2.2 Determine the promising directions of the production development in accordance with the branch technological forecasts and priorities, conditions of the market of products, goods, works, services, an economic situation and the resolutions of the General Shareholder Meeting and the Board of Directors.


6.2.3 Organize the work and effective interaction of departments of the plant to reach a high development growth and improvement of production; ensure its conformity to the best global achievements with a purpose of receiving the highest profit by means of minimization of operating expenses, effective use of production means and financial resources of the plant.

6.2.4 Ensure the fulfillment of the production plan (state orders, agreements, contracts, etc.) in accordance with the fixed quantitative and qualitative indices, product update program, major construction work programme, which follow from the production plan.

6.2.5 Enable the implementation of the MOTOR SICH JSC quality policy and information security policy.

6.2.6 Communicate the information on the functioning of the quality system at the plant and in structural subdivisions, the revealed non-conformances, connected with the plant's activity, the measures taken and corrective measures, using regulatory documents, organizing production meetings, visual propaganda and other means of information distribution.

6.2.7 Morally and financially support creative initiatives of the personnel and constantly improve the quality of work at all stages of product manufacture cycles in accordance with the requirements and within the quality system.

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6.2.8 Organize seminars on the quality system and its elements for the employees.

6.2.9 Assess the knowledge of employees on the quality system regarding the work performed.

6.2.10 Ensure the performance of all the liabilities to the state budget, suppliers, customers and banks.

6.2.11 Organize the production and economic activity of the plant, using methods of science-based planning, standards and rates of material, financial and labour costs, a wide use of best practices, as well as the maximum mobilization of production reserves, increase in the quality of products, a sustainable and economical use of all types of resources, cutting of manufacturing expenses.

6.2.12 Provide the plant with skilled personnel; create safe and favourable working conditions, meet the requirements of the legislation of Ukraine on professional, fire safety, industrial sanitation and environmental protection at the plant.

6.2.13 Take measures on the social development of the plant's staff; ensure the fulfillment of the Company's Collective Employment Agreement; carry out labour and production discipline strengthening works.

6.2.14 Commit the performance of individual production and economic functions to other officers (his deputies and managers of separate subdivisions of the plant).

6.2.15 Ensure the compliance with the laws in the activity of the plant and the protection of its legal interests, actively taking legal measures to improve the management, strengthen a contractual discipline and economic accounting.

6.2.16 Create conditions necessary for a proper business, tax and statutory accounting of the results of business activities; carry out statistical accounting and present reports to state bodies and relevant subdivisions of the Company within the established volume.

6.2.17 Use moral and financial incentives to increase the production efficiency and strengthen responsibility of every employee for the task, committed to him.

6.2.18 Organize the implementation of the resolutions of the General Shareholder Meeting and the Board of Directors of the Company; report to the Board of Directors and subdivisions of the Company (in accordance with a business area) on the results of the plant's activity within the established deadlines and inform of the works scheduled for future.

6.2.19 Ensure the receipt of the estimated profit by the plant and generate funds in accordance with the approved norms.

6.2.20 Ensure deductions from net profit to centralized funds of the Company in accordance with the established standards.

6.2.21 Develop and implement effective salary payment systems and ensure a timely salary payment to the plant's personnel.

6.2.22 Organize the protection of the state secret and the commercial secret of the plant in accordance with the requirements of the Law of Ukraine "On state secrets" and other legislative acts.

6.2.23 Ensure the functioning of the occupational health and safety management system at the plant and fulfillment of functions, assigned to the director of the plant in accordance with the Company Standard 549.12.435.

6.2.24 Organize and direct the activities, connected with emergency situations and civil protection at the plant, in accordance with the rules and requirements of relevant government bodies.


6.2.25 Organize the military accounting and mobilization training of personnel in accordance with the current legislation of Ukraine in order to save mobilization reserves.

6.2.26 Direct the activity of the Technical Council of the plant.

6.2.27 Demand the attitude of care towards the plant's property, proper use of buildings, facilities and equipment; demand to prevent the creation of excessive stock of current assets, avoid wasting material and financial resources. Bring the persons, who inflict financial losses on the Company, to responsibility in accordance with the current legislation of Ukraine.

6.2.28 Meet the plant's employees on specific dates and at a certain time to discuss their personal matters. Take timely measures in accordance with the personal applications, meeting the requirements of the labour legislation and the Company Standard 549.00.145.

6.3 Rights

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The Director of the plant has the right to:

6.3.1 Act on behalf of the plant within his competence and under the power of attorney, issued by the Chairman of the Board of Directors and represent the plant in other enterprises, institutions and organizations of all forms of ownership in Ukraine and beyond.

6.3.2 Deal with the property and assets of the plant within the limits, determined by the current legislation of Ukraine, the Charter of the Company, the resolutions of the General Shareholder Meeting and the Board of Directors, this Regulation and the issued power of attorney.

6.3.3 Being the first budget officer, sign all financial documents, agreements on the delivery of products, open bank settlement and other accounts.

6.3.4 Conclude agreements (Company Standard 549.216) in coordination with the Foreign Trade Department (or with the Marketing Director), foreign trade contracts and other agreements, which do not contravene the current legislation of Ukraine, the Charter of the Company, the resolutions of the General Shareholder Meeting, the Board of Directors and the issued power of attorney.

6.3.5 Employ and dismiss employees, appoint to an office and deprive of an office, conclude employment agreements with managers and specialists in accordance with the labour legislation and the Company Standard 549.00.381, take disciplinary measures, prescribed by the law, towards the employees.

6.3.6 Reward the employees, who distinguished themselves, render financial assistance from the material incentive fund, appropriated for the plant.

6.3.7 Form the plant management staff and determine an organizational structure of the plant, create and (or) cancel any separate subdivision on the basis of the terms of ensuring the plant's business activity and the requirements of the MOTOR SICH JSC quality policy.

6.3.8 Approve the regulations on separate subdivisions of the plant, job descriptions, labour safety regulations, fire safety instructions, etc.

6.3.9 Issue orders on all the issues, connected with the activity of the plant and give instructions on all the issues, which are obligatory for all the subdivisions and employees to follow in accordance with the Company Standard 549.350.

6.3.10 Cancel orders, issued by any shop manager or any department head, if these orders contravene the current legislation of Ukraine or the economic activity of the plant.

6.3.11 Sign business travel authorization forms of the plant's employees.

6.3.12 File and consider claims, suits, which occur when performing contracts and on other grounds, which are connected with the plant's activity, under a power of attorney in accordance with the procedure, established at the Company.

6.3.13 As the director of the plant, delegate any right (or any part of his rights or actions) to other officers (his deputies and managers of separate subdivisions of the plant).

6.3.14 Determine the structure and size of reports, which contain some commercial secret and other confidential information of the plant, determine their protection procedure.

6.3.15 Not let the persons, who do not have professional education, knowledge on professional safety, and who have not been medically examined within the established deadlines, briefed and tested for safe working conditions, work without a supervisor.

6.3.16 Stop the works and technological processes, shut off inoperative equipment, if the detected troubles can cause product nonconformity, jeopardize human life and health and can cause accidents or fires.

6.3.17 Forbid hazardous operations without fulfilling the requirements of the Company Standard 549.346 and regulatory acts on labour protection.

6.3.18 Bring the persons, who violate the requirements of legislative and other regulatory acts on labour protection, to disciplinary and financial responsibility.

6.3.19 Exercise other powers, as required by the legislation of Ukraine, the Charter of the Company, the resolutions of the General Shareholder Meeting and the Board of Directors, the Collective Employment Agreement, this Regulation and the issued power of attorney.

6.3.20 Use all types of the plant's transport round the clock to solve the problems, connected with the fulfillment of current and long-term plans.

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6.4 Responsibility

The first deputy director is responsible for:

6.4.1 Efficient operative management of the plant's activity, realization of a business plan (state orders, contracts, agreements, etc.), its realization and receipt of estimated profit.

6.4.2 Fulfillment of the MOTOR SICH JSC quality policy and information security policy requirements.

6.4.3 Functioning of the quality system at the plant.

6.4.4 Fulfillment of contractual obligations towards state budget, banking institutions and observing a credit and settlement and tax discipline.

6.4.5 Implementation of resolutions of the General Shareholder Meeting and the Board of Directors.

6.4.6 Ensuring of keeping state and commercial secrets and protection of restricted data.

6.4.7 Ensuring of professional safety policy, compliance with the law and subordinate acts on labour protection, fire and environmental protection.

6.4.8 Organization of statutory accounting, timely presentation of reliable reports on production and economic activity of the plant to relevant government bodies and departments of the Company.

6.4.9 Compliance with current legislation in the activity of the plant, the state of administrative discipline, constant and impartial assessment of operational efficiency of the plant's departments.

6.4.10 Performance of the functions, duties and rights, stipulated by the Company Standard 549.12.435.

6.4.11 Compliance with the legislative and other regulatory acts on labour protection.

6.4.12 Timely and qualitative performance of works, determined by the orders of top managers on labour protection.

6.4.13 Timely and complete performance of instructions, given by the state inspectors for labour protection.

6.4.14 Proper use of the granted rights on labour protection.

6.4.15 Taking measures regarding the revealed violations of occupational safety and health rules and norms.

6.4.16 Performance of duties and rights, stipulated by this job description.

6.5 Relations (official relations)

6.5.1 Relations (official relations) are implemented by the director of the plant in accordance with his functional responsibilities, the current legislation of Ukraine, the Charter of the Company, the Collective Employment Agreement, regulatory documents and this Regulation.

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