

APPROVED BY

Decision of KAMAZ OJSC  
Shareholders' Annual General Meeting  
dated \_\_\_\_\_ (Minutes No. \_\_)

# **ANNUAL REPORT OF KAMAZ OJSC FOR THE YEAR 2014**

General Director

Sergey A. Kogogin

Chief Accountant

Tatiana I. Kindler

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## 1. INTRODUCTORY PART

### 1.1. Address by the Chairman of the Board of Directors and by the General Director To The Shareholders



Dear Shareholders,

The Year 2014 was not plain sailing for the whole of Russian economy, however the most difficult situation has developed in the motor vehicle market, in particular. It was brought about mainly by macro-economic factors, including the spikes in interest rates and the change in the foreign exchange rates.

In spite of that, KAMAZ has succeeded in retaining its financial sustainability, consolidating its position in the market, increasing truck exports. Judging by the year end results, KAMAZ Group achieved a positive operating profit. Its debt burden remained at an acceptable level, while investment expenditures considerably rose.

What is especially important is that given the unfolding circumstances, the Company continued to push ahead with implementation of the investment program, the priority strategic projects. Investments in R & D as well as upgrading of PPE (property, plant and equipment) increased compared to the year 2013. The comprehensive Program for Improvement of the Company's Operating Efficiency continued to be fulfilled.

The Company's management headed by Sergey A. Kogogin, General Director, has been undertaking effective measures aimed at cutting back upon costs and improving efficiency under the current challenging situation. Due to this, KAMAZ today continues to be one of the most successful companies in the country. The Company managed to retain experienced engineers and professionals. All this helped the Company, in 2014 compared to the previous year, climb up two steps at a time in the ranking of global leading heavy duty truck manufacturers and take the 11-th place. In addition to that, as a socially responsible company, KAMAZ, in 2014, launched a special mortgage program for its employees.

KAMAZ has always been paying special attention to the newest developments which enable the Company to secure a footing in new markets. During 2014, work went on over Russia's first driverless vehicle. This is a promising activity, a new market, which arouses intensive interest in the world today.

During 2014, the new Bravis bus operating on methane underwent all the phases of testing and obtained the official certificate issued by Rosstandard. This product is manufactured by the joint venture company established by KAMAZ and Marcopolo, Brazil. This is an

example of successful cooperation with our international partners. KAMAZ, today, is Russia's leader in production of CNG vehicles.

Fruitful cooperation has been continuing with our international partners – a new agreement was signed with Daimler, an agreement with Thermission AG, Switzerland was concluded, understandings were reached regarding an assembly operation for KAMAZ trucks in the territory of Azerbaijan.

Proof of high quality and reliability of KAMAZ trucks was the triumph of KAMAZ-Master team in the Dakar-2014 Rally in the truck class. That was the 12-th time that the Russian team won in the whole history of the championship.

KAMAZ is a strategic asset for the country, the country's largest producer of trucks. The Company's successful development evidences that the chosen strategy has been correct and the Company's management has done a good job.

Sincerely,  
Sergey V. Chemezov,  
General Director of Rostech State Corporation,  
Chairman of the Board of Directors of KAMAZ OJSC



Dear Shareholders,

We are presenting to you the Annual Report on Performance Results of KAMAZ OJSC in the Year 2014. The development vector of the Russian motor vehicle market in the past year unfortunately pointed to a reduction in sales volumes and contraction of production. The Company's management team responded in due time to the negative market trends, having taken significant strides in a bid to maintain sales at an acceptable level and made an effective use of the government support measures provided by the Government of Russia. All this has enabled us to arrive at a positive financial result.

Cumulative capacity of the Russian market for GVW 14-40 ton truck market, based on the results for 2014 made up 71 thnd. units, which is 16 % down on 2013. Last year, KAMAZ OJSC sold 32 566 trucks and CKD kits in the domestic market, which is 14.5% down on 2013. The sales trends in the heavy duty truck market, during 2014, in many respects, were driven by the decline in investments into property, plant and equipment, depressed trends in the construction sector, low business activity, plummeting demand for goods for investment type purposes.

Notwithstanding such conditions, KAMAZ OJSC did manage to retain its leadership role in the heavy duty truck market. Our company is the country's largest producer of heavy duty trucks, it is expanding its model line, increasing its footprint in the global markets,

bucking the trend despite the crisis, implementing new methods of supplier and customer relations.

Indicative of the company's success story last year was the fact that KAMAZ had been voted the "Best Exporter of Russia's Automobile Industry". In addition to that, our new long haulage tractor KAMAZ-5490 was awarded the title «The best Commercial Vehicle of 2014», whilst KAMAZ OJSC won the First Prize as the «Leader of Competitive Purchases» and was voted the Company of the Year in this area.

In 2015, we contemplate continuing with our advancements in the Company's development. Investments in development of the model line, modernization of production and improvement upon efficiency are to become priority activities. It is exactly such an approach that will allow us to build upon our leadership positions and confront stiffening competition.

Sincerely,

Sergey Anatolievich Kogogin

General Director (CEO), KAMAZ OJSC

## 1.2. A Brief History of KAMAZ OJSC



«The idea of building a new truck production facility was not conceived of overnight. In the early 1960-s, it became clear that the country's development, development of oil and gas deposits, the harnessing of the wealth of Siberia and the Far East, rich in mineral reserves in their northern regions were impossible without building up the fleet of commercial vehicles...»

Quoted from the book «The General Director», dedicated to the 40-th anniversary of KAMAZ»

KAMAZ was established in 1969 as Kama River Complex of Heavy Duty Truck Production Plants (KamAZ Production Association). In 1990, KamAZ Production Association was reorganized into a joint stock company.

The first truck rolled off the assembly line on February 16-th 1976. Since then, more than 2 million trucks and approximately 2.8 million engines have been produced. Every third truck with Gross Vehicle Weight of 14-40 tons, in operation in Russia and in the CIS countries is a KAMAZ truck. KAMAZ trucks are being operated in more than 80 countries all over the world.

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### A BRIEF HISTORY OF THE COMPANY

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**1969** – the first excavator bucket of soil was extracted on the construction site of the Kama River Truck Plant.

**1970** – the first cubic meters of concrete were laid into the foundation of KAMAZ's firstborn, i.e. the Repair and Tooling Plant as well as Grey and Malleable Iron Foundry.

**1971** – Naberezhnye Chelny's first 12-storey residential block of apartments was commissioned for the trail-blazers of this huge project.

**1973** – saw completion of virtually all the facilities of Phase I of the Complex, the first city street car line was put into service, the first power generation unit of the Heat and Power Generating Utility was placed under load.

**1974** – in the experimental shop of KAMAZ Chief Design Engineer's Department the first engine was built.

**1975** – at all the plants of the Complex, installation, start-up and debugging operations of the manufacturing equipment were in progress and trial production was being tested.

**1975** – Engine Plant assembled its first power module – using temporary bypass technology however without outside help.

**1976** – the first truck made on the Kama River rolled off the assembly line.

The government of the country approved general governance scheme for the automobile industry. In accordance with this scheme, KamAZ was granted the status of a production association and became accountable directly to the USSR Ministry of Automobile Industry, short tracking the full chain of command with such intermediate level of governance as chief administrations.

**1976** – The government commission headed by V.N. Polyakov, USSR Minister of Automobile Industry, signed the deed on acceptance into operation of Phase I of the Kama River Complex of Heavy Duty Truck Production Plants.

**1977** – KAMAZ fulfilled ahead of schedule its first annual plan, having turned out 15 thousand trucks. By the end of December their number had already reached 22 thousand.

**1978** – the 50-thousandth truck was produced.

**1979** – saw truck No.100 000 come off the assembly line.

**1980** – the 150-thousandth heavy duty truck was made.

**1981** – commissioning into operation of Phase II Facilities of KAMAZ.

**1983** – the pivotal event of this year was the setting-up of KAMAZ Auto Center Production Firm, whose main task was to provide warranty service and spare parts support for all KamAZ trucks for the whole life cycle of the truck. As early as the end of the decade, it had a network of 210 auto centers. Ramified network of auto centers brought KAMAZ closer to its customers in a bat of an eye, enabled the manufacturer to efficiently respond to customer's requirements, to maximally expedite truck repairs and spare parts deliveries.

**1986** – KAMAZ trucks which then accounted for a quarter of the country's truck fleet engaged in harvesting transported 60 percent of the 1986 crops.

**1987** – creation of OKA car production operation. On December 21-st of the same year, the first compact car OKA-VAZ 1111 made on the Kama River rolled off the assembly line. In 1994, a plant to produce OKA mini-cars with yearly production capacity of 75 thousand vehicles was placed into operation. In 2005, ZMA (Mini-Car Plant) joined Severstal-Auto Group.

**1988** – according to experts’ estimates, since KAMAZ trucks began to be produced, their operation had yielded 8 billion Rubles’ worth of transport profit for the country. Therefore, as early as after the first ten years of its operation, KAMAZ had fully paid back all the government’s capital expenditures connected with its construction.

**1990** – the government decided to establish KAMAZ Joint Stock Company on the basis of the assets of the Production Association. The Articles of Association of KAMAZ Joint Stock Company were approved by the general meeting on August 11-th 1990. The Company was incorporated on August 23-rd the same year.

**1993** – fire broke out at the Engine Plant, which engulfed in a matter of minutes the whole factory, resulting in almost complete destruction of not only the production building itself but its sophisticated manufacturing equipment. In an incredibly short period of time, owing to the support of the governments of Russia and Tatarstan, KAMAZ employees succeeded in raising the factory from the ashes. As early as in December 1993, the Engine Plant made its first products after the fire.

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### AT THE CURRENT STAGE

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**2008** – the German concern Daimler AG acquired 10% of the charter capital of KAMAZ OJSC. During 2010, Daimler AG increased its stake in the stock of the Russian truck producer to 11 percent. Simultaneously with Daimler AG, four percent of KAMAZ’s stock was bought by the European Bank for Reconstruction and Development.

**2009** – KAMAZ OJSC and Daimler AG signed agreements on the setting-up of two joint venture companies – Fuso KAMAZ Trucks Rus and Mercedes-Benz Trucks Vostok.

**2010** – KAMAZ OJSC commenced massive production of trucks with re-styled cabs.

**2011** – KAMAZ OJSC confirmed the “Five Star” level in the competition of the European Quality Management Fund per EFQM Model «Recognized Excellence».

**2012** – on February 15-th, two millionth KAMAZ truck rolled off the assembly line.



The jubilee vehicle proved to be a model from the «heavy duty» higher capacity range – KAMAZ-6522

**2012** – Daimler Trucks and KAMAZ OJSC signed the License Agreement aimed at strengthening cooperation in the area of cab production.

**2013** – Triumphant victory won by KAMAZ-master Team at Dakar-2013. Triple success at the super-marathon was brought about by Eduard Nikolaev's crew, Airat Mardeev's crew, Andrey Karginov's crew.

**2013** – October 9-th saw the first volume produced KAMAZ-5490 Truck roll off the assembly line.

### 1.3. Key Events for KAMAZ OJSC in 2014

- January** → Victory in Dakar-2014 was won by Andrey Karginov's crew. Subsequently, KAMAZ Master team won the whole prize podium in its class in the «Gold of Kagan-2014» and «Great Steppe-2014» Rallies.
- March** → With participation of KAMAZ OJSC the expedition «Reliable Vehicles. People of Iron» to the cold pole.
- April** → At KAMAZ OJSC, a presentation of the new product of 2014 – Bravis CNG was held.
- August** → On August 19-th, Sergey Kogogin, General Director of KAMAZ OJSC and Herbert Ortner, Chairman of the Board, PALFINGER AG (Austria) signed the Agreement on establishment of two joint ventures: new production facility for hydraulic and telescopic cylinders and the mounting center.
- September** → On September 9-th, KAMAZ M1842 (5490) truck won the annual competition «Russia's Best Commercial Vehicle of the Year» in the «Truck of the Year» nomination.  
Sergey Kogogin, General Director of KAMAZ OJSC, made it to the top five best in the annual ranking of «Russia's Top-1000 Leading Managers».
- On December 2-nd, during a working visit to Tatarstan, Dmitry Medvedev, Prime Minister of the Russian Federation, made a stop at KAMAZ. Under his chairmanship, a meeting was held dealing with the measures aimed at supporting the Russian vehicle market.
- December** → On December 12-th KAMAZ celebrated jubilee anniversary - 45 years ago the first stone was laid to the foundation of the future KAMAZ Plant.
- On December 16-th, ceremonies were held in Moscow to mark the hand-over of the first batch of KAMAZ trucks to the fund of the UN World Food Program.

## 1.4. General Particulars of KAMAZ OJSC

<i>Company's Full Name</i>	KAMAZ Open Joint Stock Company
<i>Company's Domicile</i>	2 Avtozavodsky Prospect, Naberezhnye Chelny, Republic of Tatarstan, Russian Federation, 423827
<i>Company's Address</i>	2 Avtozavodsky Prospect, Naberezhnye Chelny, Republic of Tatarstan, Russian Federation, 423827
<i>Web site used by KAMAZ OJSC to disclose the information in the Internet:</i>	www.kamaz.ru
<i>Contact Telephone</i>	+7 (8552) 45-20-37
<i>Fax</i>	+7 (8552) 45-28-28
<i>E-mail Address</i>	kancelyariagd@kamaz.org
<i>Particulars About Register Holder Who Keeps Register of Shareholders in KAMAZ OJSC</i>	STATUS Registration Company Joint Stock Company  Register Holder's Address: Building 1, 32 Novorogozhskaya Street, Moscow 109544  <a href="http://www.rostatus.ru">www.rostatus.ru</a>
<i>Particulars About Depository Which Accounts For Ownership Rights To Shares in KAMAZ OJSC Owned By Physical Persons Residing in the City of Naberezhnye Chelny</i>	KAMINCENTER Limited Liability Company Investment and Financial Company  <b>Supplementary Office:</b> 6 (54/02) Kh.Tufan Prospect, Naberezhnye Chelny, Republic of Tatarstan 423834,  <b>Postal Address of Supplementary Office:</b> 423810, POB 109, Naberezhnye Chelny, Republic of Tatarstan <b>Telephone:</b> (8552) 35-80-54 <b>Fax:</b> (8552) 35-80-55 <b>E-mail:</b> <a href="mailto:info@kamas.ru">info@kamas.ru</a>
<i>Company's State Registration</i>	KAMAZ OJSC was registered by Resolution of the Executive Committee of the Naberezhnye Chelny City Council of People's Deputies of the Tatar ASSR dated August 23-rd 1990 No. 564, Certificate of Registration No.1
<i>Company's Principal State Registration No.</i>	1021602013971

<b><i>Date of Entry Made into the Unified State Register of Legal Entities</i></b>	September 9-th 2002
<b><i>Name of Registration Authority Which Made Entry into the Unified State Register of Legal Entities</i></b>	Inspectorate of the Federal Tax Service for the City of Naberezhnye Chelny, Republic of Tatarstan
<b><i>Particulars on Inclusion Into the List of Strategic Share Holding Companies</i></b>	KAMAZ OJSC has been placed on the List of Strategic Organizations as well as Federal Executive Authorities Which Ensure Implementation of Common Government Policy in the Branches of Economy in Which These Organizations Do Business, as approved by Resolution of the Government of the Russian Federation dated 20.08.2009 No. 1226-p.
<b><i>Principal Line of Business</i></b>	All Russia Classifier of Economic Activities-2001: 34.10.4 Basic (Manufacture of Trucks)
<b><i>Details About Auditors Who Inspect RAS Financial Statements</i></b>	BDO Unicon Joint Stock Company Auditors' Address: Section 11, Building 1, 125 Varshavskoe Shosse, Moscow 117587 <a href="mailto:reception@bdo.ru">reception@bdo.ru</a>
<b><i>Details About Auditors Who Inspect IFRS Financial Statements</i></b>	ERNST & YOUNG Limited Liability Company Auditors' Address: Building 1, 77 Sadovnicheskaya Embankment Street, Moscow 115035
<b><i>Amount of the Charter Capital of KAMAZ OJSC</i></b>	35 361 477 950 Rubles
<b><i>Total Number of Shares</i></b>	707 229 559 shares of stock
<b><i>Number of Ordinary Shares</i></b>	707 229 559 shares of stock
<b><i>Number of Preferred Shares</i></b>	0
<b><i>Nominal Value of Ordinary Shares</i></b>	50 Rubles
<b><i>State Registration No. of Ordinary Shares Issue</i></b>	1-08-55010-D
<b><i>Date of State Registration of the Issue</i></b>	November 18-th 2003

<i>Ownership Interest of Rostech State Corporation</i>	49.9%
<i>Existence of Special Rights for the Russian Federation To Participate in the Governance of KAMAZ OJSC («Golden Share»)</i>	None

## 1.5. Key Performance Indicators of KAMAZ OJSC for 5 Years

<b>Operating Indicators</b>	<b>Unit of Measurement</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Sales</b>						
Trucks	units	38 655	43 832	45 471	45 288	32 300
Domestic market	units	32 566	38 089	39 142	39 122	28 260
Export	units	6 089	5 743	6 329	6 166	4 040
Buses	units	535	897	687	549	858
Trailers and Semi-Trailers	units	3 974	5 812	7 762	7 904	4 587
Market Share of Russian Market (14-40 tons)	%	46%	45%	34%	38%	47%
Average Listed Headcount	thnd. empl.	53	57	62	63	62
<b>Revenue and Profitability</b>						
		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
			<b>(recalculated)</b>	<b>(recalculated)</b>	<b>(recalculated)</b>	<b>(recalculated)</b>
Revenue	mn. Rbls.	110 599	114 317	118 510	109 995	73 773
Gross Profit	mn. Rbls.	14 589	16 901	19 984	15 370	10 476
<i>Gross Profit Margin</i>	%	13,2%	14,8%	16,9%	14%	14,2%
Operating Profit	mn. Rbls.	2 243	5 695	8 378	3 983	1 886
<i>Operating Profit Margin</i>	%	2,0%	5,0%	7,1%	3,6%	2,6%
Net Profit	mn. Rbls.	211	4 267	6 056	2 036	(652)
<i>Net Profit Margin</i>	%	0,2%	3,7%	5,1%	1,9%	-0,9%
Net Profit of the Company's Shareholders	mn. Rbls.	149	4 367	5 999	1 990	(525)
EBITDA	mn. Rbls.	5 610	9 046	11 443	7 006	4 664
<i>EBITDA Margin</i>	%	5,1%	7,9%	9,7%	6,4%	6,3%
Equity	mn. Rbls.	39 831	38 724	37 895	31 893	30 121
<i>ROE, Return on Equity</i>	%	5,6%	14,7%	22,1%	12,5%	6,3%
Number of Shares, Weighted Average	thnd. shares	680 906	718 686	730 688	707 230	707 230
EPS, Earnings per Share	Rbls./share	0,22	6,08	8,21	2,81	(0,74)
<b>Working Capital and Liquidity</b>						
		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
			<b>(recalculated)</b>	<b>(recalculated)</b>	<b>(recalculated)</b>	<b>(recalculated)</b>
Working Capital	mn. Rbls.	16 975	17 280	15 588	10 990	10 905
<i>Capital Turnover</i>	days	56	55	48	36	54
Cash Flow From Operations	mn. Rbls.	5 667	6 763	4 330	6 710	6 328
Investments in R&D and PPE Upgrade	mn. Rbls.	6 190	5 458	4 221	4 170	2 975
<i>Investments as Percentage of Revenue</i>	%	5,6%	4,8%	3,6%	3,8%	4%
Financial Debt (Credit Facilities and Loans)	mn. Rbls.	23 814	16 518	15 541	21 744	22 134
Net Debt	mn. Rbls.	12 623	10 795	9 938	10 272	10 900
<i>Net Debt/EBITDA</i>	times	2,2	1,2	0,9	1,5	2,3
Interest Expenses Less Subsidies	mn. Rbls.	794	652	732	523	1 449
<i>Interest Coverage</i>	times	2,8	8,7	11,4	7,6	1,3

Based on the 2014 results, KAMAZ OJSC Group of Organizations retained its leadership position in the domestic truck market (GVW 14-40 ton segment) and showed a positive financial result.

## 1.6. Competitive Advantages Which Provide Potential for Development of KAMAZ OJSC

### Broad Model Line of Trucks, Vocational Vehicles and Chassis

- Trucks, GVW from 8 to 40 tons, 40 Models and 1500 Builds
- Vocational Vehicles and Bodies (Dump Trucks, Personnel Shuttle Buses, Concrete Mixer Trucks and Concrete Pump Trucks) more than 1500 Models
- Bus Chassis and Buses of Small and Large Classes for City, Suburban and Inter-City Service
- Trailer/Semi-Trailer Units for Heavy Duty Trucks (Trailers, Semi-Trailers, Tanker Units)

### Holistic Approach To Sale of Vehicles and Aftermarket Services

- Maintenance of Trucks During Warranty and Post Warranty Period
- Financial Services (Credit, Leasing from Manufacturer, Installment Plan)
- Consulting Support for Partner, Personnel Training.
- Long Term Active Work Done By Company with Corporate Clients
- Vehicle Scrappage, Authorized Repairs of Any Complexity and Scope, Modern Optimal Logistics System, High Quality Authentic Spare Parts, Their Speedy Delivery
- Flexible Pricing Policy Subject To Market Situation

### Developed Dealer and Service Networks of KAMAZ OJSC

- Dealer Network of KAMAZ OJSC in Russia comprises 220 entities
- Dealer Network of KAMAZ OJSC abroad consists of 75 entities
- Ramified authorized service network in Russia which provides service support for the products of KAMAZ OJSC numbers 199 entities

### Innovative and Technological Development

- Development of New Vehicles Using Advanced IT and PLM-solutions Within Optimal Completion Dates and at Qualitatively New Level
- Cooperation with Innovation Leaders In Different Activities
- Launching into the Market New Generation Vehicles with Fundamentally Different Performance Specifications and Consumer Properties

### Achieving Minimum Negative Impact on Environment

Rational and sparing attitude to environment and natural resources.

Cutting back upon volumes and toxicity of discharges into the atmosphere, emissions and wastes of production and consumption.

### **Ensuring health and safe working conditions for persons involved in or related to the Company's manufacturing activities**

- Preventing injuries and health deterioration, continuous improvement on performance of the safety management system.
- Complying with OHSAS 18001:2007 requirements, legislative and normative acts in the area of work safety and industrial security.

### **Applying Best Practices in the Area of Corporate Governance**

- Unconditional Compliance With the Requirements of the Law.
- Compliance with Legitimate Rights and Interests of Corporate Relations Participants.
- Implementing the Recommendations of the Corporate Governance Code.
- Ensuring That Operations of KAMAZ OJSC Are Open and Transparent By Means Of Timely Disclosure of Objective and Truthful Information About the Company In Full Conformity With Existing Normative Requirements.
- Annual Internal Audit of Corporate Governance Quality With A View To Determining Activities Aimed At Its Improvement.

## 1.7. Product Portfolio. Product

### NEW MODEL LINE

#### POWER, INTELLECT, COMFORT

The new model line of KAMAZ trucks has been created after a thorough analysis of the customers' requirements and in conformity with the current requirements. The trucks are distinguished by high productivity and operating efficiency, low cost of ownership, superior level of comfort and safety, attractive styling.

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<b>KAMAZ-5490 LONG HAULAGE SEMI-TRAILER TRACTOR TRUCK</b>	<ul style="list-style-type: none"><li>▪ <b>Vehicle Service Life 1 mn. km;</b></li><li>▪ <b>Spacious and comfortable sleeper cab with 1 or 2 bunks at customer's option;</b></li><li>▪ <b>Economical and reliable engine Mercedes-Benz OM457LA;</b></li><li>▪ <b>Drive hypoid axle Daimler HL6;</b></li><li>▪ <b>16-speed mechanical gearbox ZF (or 12-speed automated gearbox ZF Astronic);</b></li><li>▪ <b>Disk Brake Systems on all the wheels with increased efficiency factor;</b></li><li>▪ <b>Drive axle air suspension with platform level electronic control system ECAS;</b></li><li>▪ <b>Electronic Braking System EBS;</b></li><li>▪ <b>Electronic Stabilization Program ESP;</b></li><li>▪ <b>Anti-Spin System ASR;</b></li><li>▪ <b>Optimal price for this class of the vehicle.</b></li></ul>
<b>KAMAZ-65206 SEMI-TRAILER TRACTOR TRUCK</b>	<ul style="list-style-type: none"><li>▪ <b>Comfortable and spacious sleeper cab with one bunk;</b></li><li>▪ <b>Economical and reliable engine Mercedes-Benz OM 457 LA;</b></li><li>▪ <b>16-speed mechanical gearbox ZF;</b></li><li>▪ <b>Daimler or Dana Drive Axles with Hypoid Final Drive with high load carrying capacity – 10 tons;</b></li><li>▪ <b>Disk brake systems on all the wheels with increased efficiency factor;</b></li><li>▪ <b>Drive axle air suspension with platform level electronic control system ECAS;</b></li><li>▪ <b>Electronic Braking System EBS;</b></li><li>▪ <b>Electronic Stabilization Program ESP;</b></li><li>▪ <b>Anti-Spin System ASR</b></li></ul>
<b>KAMAZ-65207 FLAT BED TRUCK</b>	<ul style="list-style-type: none"><li>▪ <b>Comfortable and spacious sleeper cab with one bunk;</b></li><li>▪ <b>Economical and reliable engine Mercedes-Benz OM 457 LA;</b></li><li>▪ <b>16- speed mechanical gearbox ZF;</b></li><li>▪ <b>Daimler or Dana Drive Axles with Hypoid Final Drive with high load carrying capacity – 10 tons;</b></li><li>▪ <b>Disk brake systems on all the wheels with increased efficiency factor;</b></li><li>▪ <b>Drive axle air suspension with platform level electronic control system ECAS;</b></li><li>▪ <b>Electronic Braking System EBS;</b></li><li>▪ <b>Electronic Stabilization Program ESP;</b></li><li>▪ <b>Anti-Spin System ASR</b></li></ul>
<b>KAMAZ-65802 DUMP</b>	<ul style="list-style-type: none"><li>▪ <b>Comfortable and spacious sleeper cab with one bunk;</b></li><li>▪ <b>Economical and reliable engine Cummins, compliant with Euro-5</b></li></ul>

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**TRUCK**

- requirements;
- 16- speed mechanical gearbox ZF;
- High Load-Carrying Capacity Drive Axle;
- Anti-Lock Brake System ABS;
- Anti-Spin System ASR

**Dumping Unit:**

- Body Oval Section, Volume – 20 m<sup>3</sup>
- 

**EXISTING MODEL LINE****RACE WINNERS' TECHNOLOGIES**

Existing model line of KAMAZ trucks was designed for hard work under severe conditions, efficient transportation of various goods. The trucks have tangible operating advantages and offer multiple opportunities for doing a good job.

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**SEMI-TRAILER TRACTOR TRUCKS****KAMAZ-5460****LONG HAULAGE SEMI-TRAILER TRACTOR TRUCKS**

- Long Haulage, Heavy Duty, Universal, All-Wheel Drive and Special Purpose Semi-Trailer Tractor Trucks;
  - Wheel Formula Options: 4x2, 6x4, 6x6, 8x8;
  - Gross Combination Weight from 38 to 120 tons;
  - Reliable and Economical Engines KAMAZ and Cummins;
  - Engine Types: Diesel and CNG;
  - Engine Horsepower Rating from 298 to 535 HP;
  - Gearboxes: ZF, KAMAZ and Allison;
  - Hypoid (Wheel) Reduction Axles and Final Gear Reduction Axles;
  - Sleeper Cabs with one or two bunks
- 

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**DUMP TRUCKS**

- Heavy Duty, Universal and All-Wheel Drive Dump Trucks;
  - Wheel Formula Options: 4x2, 6x4, 6x6, 8x4;
  - Load Carrying Capacity from 7.5 to 25.5 tons;
  - Gross Combination Weight up to 53.1 tons;
  - Reliable and Economical KAMAZ and Cummins engines;
  - Engine Types: Diesel and CNG;
  - Engine Horsepower Rating from 177 to 400 HP;
  - Gearboxes: ZF and KAMAZ;
  - Dump Platforms of Oval and Rectangular Section, Heated and Unheated;
  - Sleeper Cabs with one bunk and Day Cabs
- 

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**FLAT BED TRUCKS**

- Universal, Delivery, Light Weight Transport and All-Wheel Drive Flat Bed Trucks;
  - Wheel Formula Options: 4x2, 4x4, 6x4, 6x6, 8x8;
  - Load Carrying Capacity from 4.1 to 20.1 tons;
  - Gross Combination Weight from 19.7 to 50 tons;
  - Reliable and Economical KAMAZ and Cummins Engines;
-

- **Engine Types: Diesel and CNG;**
- **Engine Power Rating from 177 to 400 HP;**
- **Gearboxes: ZF and KAMAZ;**
- **Sleeper Cabs with one bunk and Day Cabs**

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#### **CAB AND CHASSIS UNITS AND VOCATIONAL VEHICLES**

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- **Wheel Formula Options: 4x2, 4x4, 6x4, 6x6, 8x4, 8x8;**
  - **Permissible Weight of Superstructures with Load from 5.2 up to 30 tons;**
  - **GVW from 11.9 to 41 tons;**
  - **Frame Mounting Length from 3575 to 8135 mm;**
  - **Reliable and Economical KAMAZ and Cummins Engines;**
  - **Engine Types: Diesel and CNG;**
  - **Engine Power Rating from 177 to 400 HP;**
  - **Gearboxes: ZF and KAMAZ;**
  - **Sleeper Cabs with one bunk and Day Cabs;**
  - **More than 1500 Models of Vocational Vehicles based on KAMAZ Cab and Chassis Units, installed by more than 250 body manufacturing plants.**
- 

#### **CNG VEHICLES**

- More than 60 models of trucks and vocational vehicles including more than 30 models of vocational vehicles;
- Basic models are represented by semi-trailer tractors, flat bed trucks, dump trucks, cab and chassis units;
- 8 models of CNG buses for various applications;
- Fuel cost savings up to 2-3 times compared to diesel equivalents;
- High operating efficiency;
- Reduced level of toxic chemicals in exhaust (better than Euro-4);
- No special catalyst system required;
- Reduced noise level when the engine is running

<b>TRUCKS</b>	
<b>GARBAGE TRUCK with rear unloading system CMZL-16G</b>	<ul style="list-style-type: none"> <li>▪ <b>Garbage Truck with Rear Unloading System CMZL-16G;</b></li> <li>▪ <b>KAMAZ-53605 Cab and Chassis Unit;</b></li> <li>▪ <b>Useful Body Volume - 16 m<sup>3</sup>;</b></li> <li>▪ <b>CNG Engine KAMAZ-820.74-300 (Euro-4);</b></li> <li>▪ <b>Maximum Engine Power Rating – 300 HP;</b></li> <li>▪ <b>Body Increased Metal Thickness;</b></li> <li>▪ <b>High Waste Compaction Coefficient – 9 units;</b></li> <li>▪ <b>Total Gas Bottle Volume – 720 liters</b></li> </ul>
<b>BUSES</b>	

<p><b>City Low Entry Bus NEFAZ-5299-30-51</b></p>	<ul style="list-style-type: none"><li>▪ <b>City Low Entry Bus NEFAZ-5299-30-51;</b></li><li>▪ <b>Maximum Passenger Capacity – 105/116 persons</b></li><li>▪ <b>CNG engine Mercedes-Benz, M 906 LAG.EEV/1 (Евро-5);</b></li><li>▪ <b>Maximum Power Rating – 280 HP;</b></li><li>▪ <b>Total Bottle Volume – 984 liters</b></li></ul>
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## 2. PERFORMANCE RESULTS

### 2.1. Status of the Industry. Sales



*KAMAZ OJSC sets itself the task of being closer to the customer in any conditions and dealing with the task of any complexity despite difficulties.*

**Sergey Afanasiev**

Deputy General Director, Sales and Service, KAMAZ OJSC

**The Russian market for commercial vehicles is one of the largest truck markets in the world. Its capacity and development trends are determined by ever growing demand for transportation of various cargoes by economic entities, great length of Russian roads, the need for existing fleets of vehicles to be renewed, a huge potential for its development and growth.**

KAMAZ produces trucks in two segments: trucks GVW from 14 to 40 tons and trucks GVW from 8 to 14 tons.

Generally, Russia's truck making industry is characterized by the following tendencies:

- Growing requirements of customers in respect of the truck's consumer properties and quality (productivity, fuel economy, ergonomics and comfort, reliability, service life and durability).
- Customer's elevated requirements in respect of aftermarket service, primarily, in respect of service support and authentic spare parts back-up.
- Increasing requirements vis-à-vis the level of drivers' and mechanics' qualifications. High demand for experienced drivers.
- Increasing cost of new design solutions and a package of new technologies.
- Increased importance that the vehicle cost of ownership be reduced.
- Customers' increased requirements in respect of financial services (leasing, credit, installment plan).
- Tightening up of environmental requirements as well as vehicle operational safety requirements.
- Development of vehicle scrappage industry.
- Fierce competition in the market.
- Need for speedy implementation of innovations as a factor for retention and growth of the Company's competitiveness and its products' competitiveness.

- Deployment of foreign companies' assembly facilities in Russia, organization of new assembly plants.
  - Wider use of alternative types of fuel on transport, first of all, natural gas.

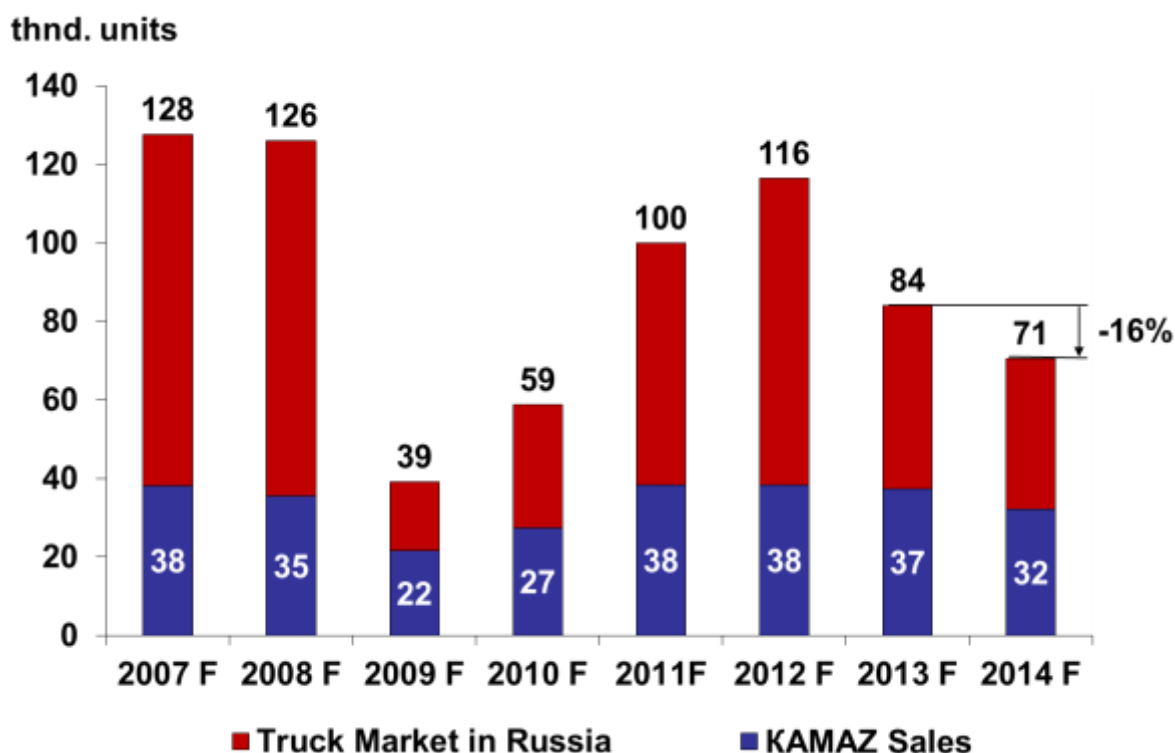
## GVW 14-40 Ton Truck Market.

**Based on the year end results, the market declined by 16% compared to 2013.**

The market decline happened due to the following reasons:

- Weakening of business activity and slowdown in growth rates of the economy;
- Reduction in construction volumes;
- Reduction in investments into fixed assets (property, plant and equipment) and in the demand for goods for investment purposes;
- Deterioration of customers' financial position and their business performance indicators, contraction of vehicle purchasing volumes;
- Buyers' and truck owners' expectations with respect to the future volume of demand for trucking operations and business growth rates did not materialize.

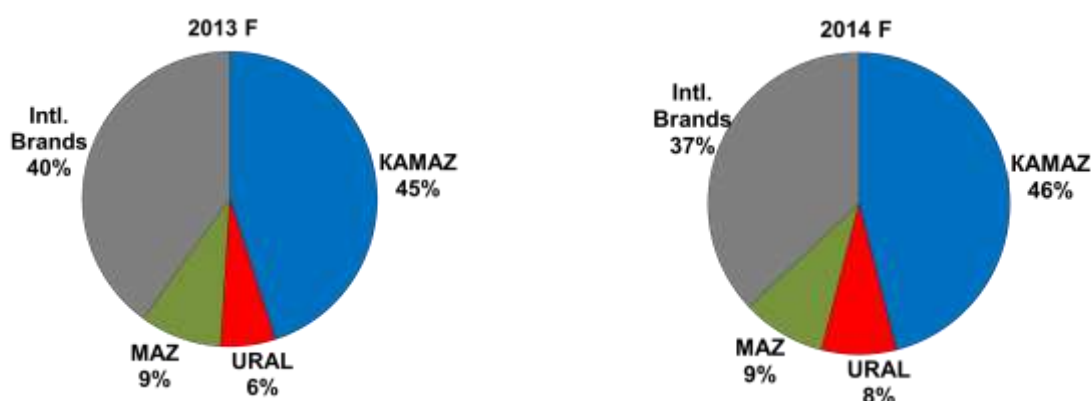
### Russian GVW 14-40 Ton Truck Market, thnd. units



The key competitors of the Company in the Russian GVW 14-40 ton truck market are MAZ OJSC, URAL Auto Works OJSC, vehicles makers in the far abroad countries, who carry out assembly in Russia and who import vehicles into this country.

**Thanks to the active efforts exerted by the Company and its partners, the Company's market share based on the year 2014 results grew up to 46%.**

### Market Share Trend Development in the Russian GVW 14-40 Ton Truck Market



\* the market share accounted for by international brands includes sales of the trucks built by international manufacturers in Russia

#### Sales Volumes of Key GVW 14-40 Ton Truck Producers in the Russian Market

	2014, units	2013, units	2014-2013, units	2014/2013, %
KAMAZ OJSC	32109	37411	(5302)	(14)
URAL AUTO WORKS OJSC	5487	5070	417	8
MAZ OJSC	6730	7869	(1139)	(15)
KrAZ OJSC	269	261	8	3
International Brands	25889	33390	(7501)	(23)
TOTAL	70484	84001	(13517)	(16)

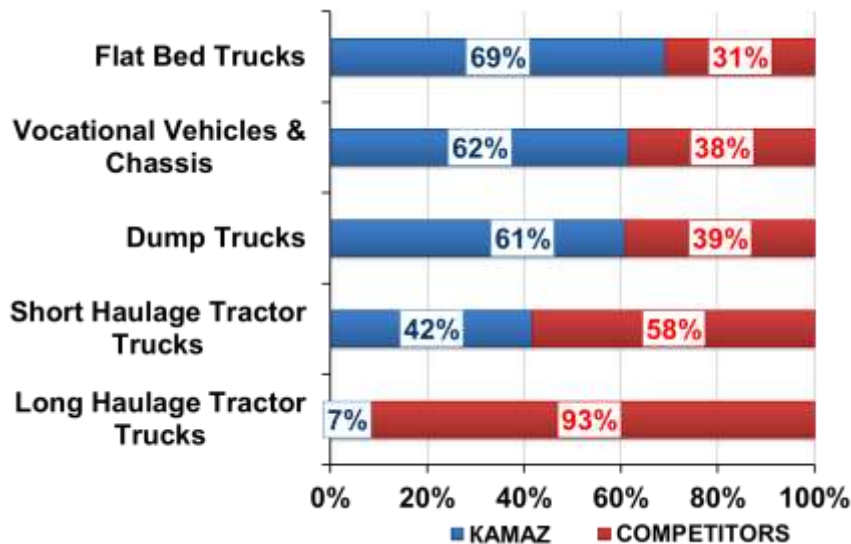
#### Package of Measures Implemented in 2014 and Aimed At Strengthening the Company's Positions in the Russian Truck Market:

- Developing and launching into the market a new model line of KAMAZ trucks. In terms of their consumer qualities and technical performance specifications, the new generation of KAMAZ vehicles are not inferior to equivalent products made by leading global manufacturers.
- A huge amount of work was done to improve on the level of customer satisfaction with vocational vehicles together with the specialist body manufacturing plants.
- Holistic offering «KAMAZ Road Train» comprising trailers and semi-trailers manufactured by NEFAZ and KAMAZ-Auto Trailer.
- Active work done by the dealer network which provides the whole range of services. Development of service support of the vehicle produced.
- Improving the product range of leasing offerings («Scrappage+Leasing», special offer for corporate clients).

- Boosting sales of CNG trucks and buses owing to government subsidies of CNG vehicle purchasing and leasing.
- Implementing the project for a network of proprietary stores «KAMAZ Genuine Spare Parts».
- Sticking to a flexible pricing policy, taking into consideration the market situation in the Russian truck and spare parts market.

The Company is retaining leadership positions in all the market product segments except for long haulage tractor trucks. At the same time, KAMAZ OJSC, in the long haulage tractor truck segment increased its market share from 3 to 7% by launching into the market the new KAMAZ-5490 tractor truck. The Company is planning on increasing further its market share in the long haulage tractor truck segment.

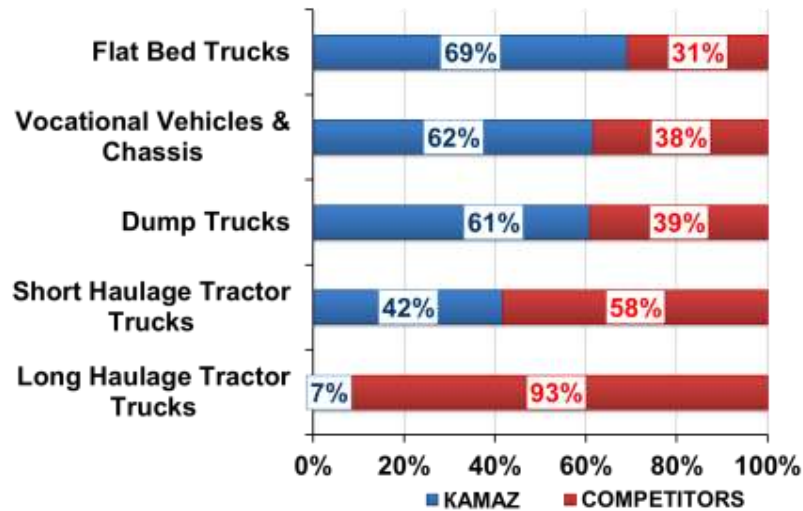
**Market Shares of KAMAZ OJSC in the Main Segments of GVW 14-40 Ton Trucks Based On the Year 2014 Results**



## GVW 8-14 Ton Truck Market

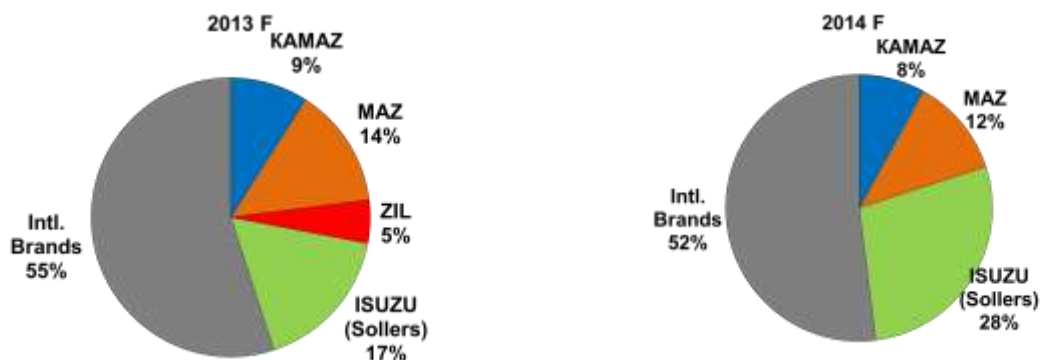
During 2014, the GVW 8-14 ton truck market declined by 24%. The slow-down in the medium tonnage (medium range) truck market is driven by the same factors as the decline in the heavy duty truck market. The medium range truck market is more volatile than the heavy duty truck market, which is explained by higher percentage of individual (private) entrepreneurs and small companies among the users of medium range trucks.

**Russian GVW 8-14 Ton Truck Market, thnd. units**



Based on the year 2014 results, the market share of the Company in the Russian GVW 8-14 ton truck market comprised 8% (based on the year 2013 results it was 9%).

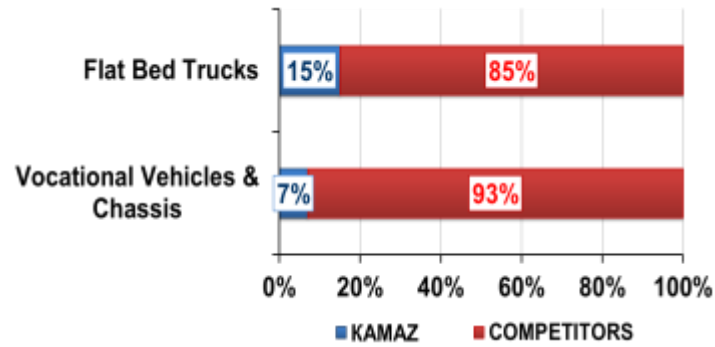
**Sales Breakdown in the Russian 8-14 Ton Truck Market By Manufacturer**



**Sales Volumes of Key GVW 8-14 Ton Truck Producers in the Russian Market**

	2014, units	2013, units	2014-2013, units	2014/2013, %
KAMAZ OJSC	457	677	(220)	(33)
MAZ OJSC	712	1133	(421)	(37)
Sollers OJSC	1640	1316	324	25
International Brands	3108	4309	(1201)	(28)
<b>TOTAL</b>	<b>5917</b>	<b>7435</b>	<b>(1518)</b>	<b>(20)</b>

**Market Shares of KAMAZ OJSC in the Main GVW 8-14 Ton Market Based On the Year 2014 Results**



## Export Sales Markets

### CIS countries

**Based on the year 2014 results, Kazakhstan has retained the status of the key export market of KAMAZ OJSC. Compared to the year 2013, deliveries of trucks and CKD kits have increased considerably (+ 23.9% or 825 units) and reached the level of 4 269 units.**

On the whole, throughout 2014 the situation in the economy of Kazakhstan continued to be stable. One can refer the following to pivotal events which had impact on the state of the market and the economy of Kazakhstan in 2014:

- Extension until the end of 2014 of the effective period of Euro-3 emission standard for trucks;
- Fluctuations of the exchange rate of the national currency to the Ruble: from weakening during the 1-st quarter (4.5 tenge to 1 Rbl.) to the strengthening at the end of the year (3.3 tenge to 1 Rbl.);
- In May 2014, in Astana, the treaty on the creation of the Euro-Asian Economic Union was signed. The economy of the Republic is more and more closely integrated with the economy of the Russian Federation and the economy of Belarus;
- The fall in world oil prices.

During 2014, in Kazakhstan, KAMAZ Trading Company together with KAMAZ International Trade Company CJSC:

- implemented major contracts for supply of KAMAZ trucks to major corporate clients, including government owned companies: Kazakhstan Timer Zhule, KazMunaiGas, Kazakhavtofor, NIMEX-TRANS, MINSELKHOZ, DENRAKHSAZ;
- programs got underway to promote KAMAZ-5490 long haulage tractor truck as well as new agricultural dump trucks with NEFAZ trailers and semi-trailers;
- 6 entities of the dealer network were certified for the status of KAMAZ-CUMMINS service center;
- Work was done with Kazakhstan's certification authorities to put a stop to main flows of supply to the Republic of Chinese trucks (certified with breaches of regulations);
- A warehouse was set up for liquid (best seller) vehicles in advance of Euro-4 emission standard introduction effective January 1-st 2015.

During the year under review, KAMAZ Leasing LLP resumed operations – the first 42 trucks were delivered under its own leasing program.

KAMAZ-Engineering JSC (an assembly plant of KAMAZ in Kazakhstan):

- Concluded an agreement on industrial assembly with the Ministry of Investments and Development of the Republic of Kazakhstan;
- Together with NEFAZ, new fire fighting trucks were put into production with the HEROMAX system, the first trucks were supplied for needs of the Ministry of Emergency Situations of the Republic of Kazakhstan;
- Production was started of the universal fire truck on KAMAZ-6520 chassis (automatic ladder with a tank);
- Together with KAMAZ Almatynsky Auto Center LLP, a technical support vehicle was industrialized.

**As a result of the measures undertaken, based on the year 2014 results, the market share of KAMAZ OJSC in the market of the Republic of Kazakhstan grew up to 39 % (in 2013, the same indicator amounted to 31 %). And this notwithstanding the fact that the capacity of the market for the trucks of KAMAZ class, during 2014, fell down by 21 %**

**compared to the same indicator of the year 2013.**

During 2014, the Company continued supplying to other CIS countries: Azerbaijan, Uzbekistan, Turkmenistan, Kirgizia, Armenia. A number of government tenders were won to supply vehicles as well as major orders were ensured for 2015.

### **Far Abroad Countries**

**In 2014, compared to the previous year's performance, there occurred an increase in the truck and CKD export volumes to the far abroad countries – a total of 1 155 units were supplied (during 2013 – 701 units).**

The key sales markets for KAMAZ trucks and CKD to the far abroad were: UAE (166 vehicles), Vietnam (139 units), Afghanistan (90 units), Algeria (78 units), India (70 CKD kits).

Among the remarkable events in the far abroad countries, the following ones can be mentioned:

- supply of 108 bus chassis for JC Internacional (88 Columbia, 20 Peru);
- supply of 130 vehicles to re-equip the truck fleet of the UN World Food Program;
- resumption of supplies of KAMAZ vehicles to Nigeria (after 8 years);
- supply of 46 trucks for VIETTEL Telecommunications Company (Vietnam);
- expansion of the model line of Euro-5 vocational vehicle offering with installation of superstructures made by European manufacturers of specialist vehicles (cranes, elevators, dump trucks, pipe carrier trucks, combination cargo passenger vehicles).

On the whole, with regard to the CIS countries and the far abroad countries, it is worth mentioning the following factors which had a negative effect on the export of KAMAZ products:

1. Falling oil prices in the world markets and resultant conservation of budgetary funds, cutbacks on financing for government programs in Kazakhstan, Azerbaijan, Venezuela, the countries in the Middle East;
2. Military conflicts, unstable political situation and change in the internal political situation in the countries of the Middle East and North Africa and Latin America.

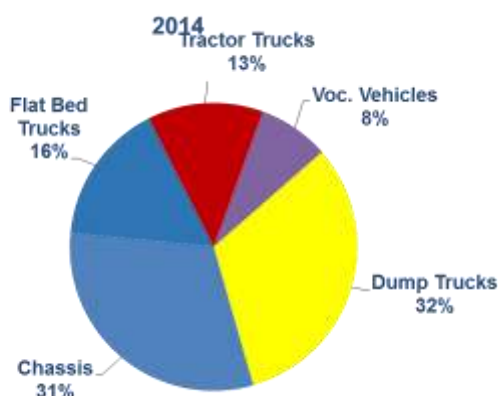
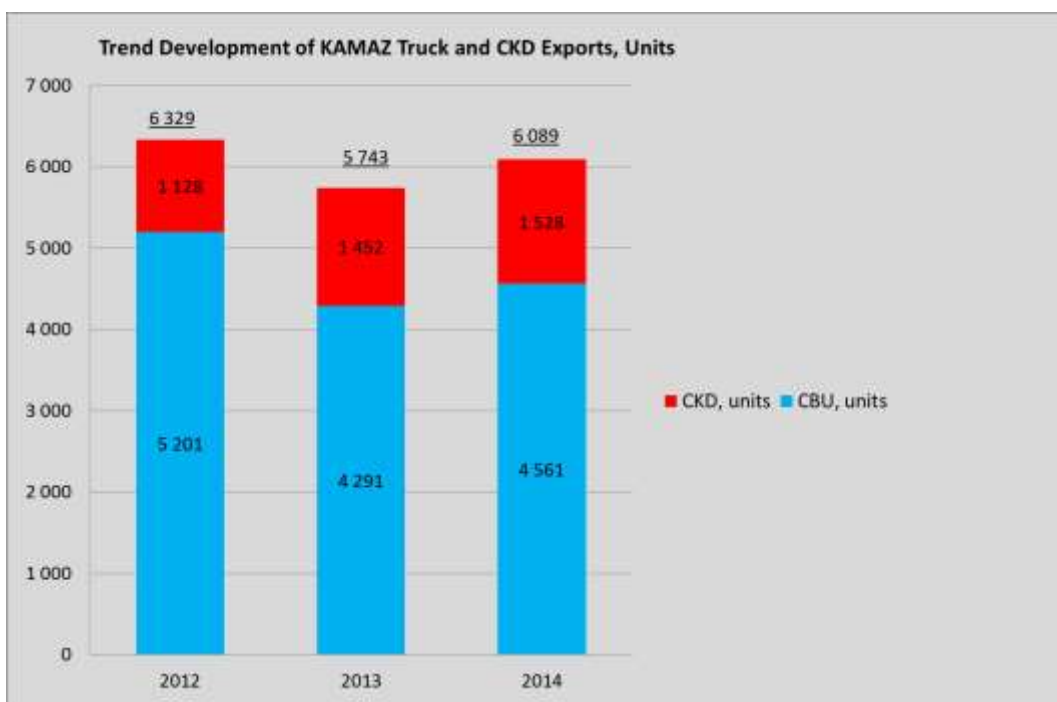
### **Completely Knocked-Down Kits of Parts (CKD)**

During 2014, 1 528 CKD kits were delivered to the assembly operations abroad which is 5.2% more than the year 2013 indicators (1 452 CKD kits). However, in the total export volume, the proportion of CKD kits compared to 2013 practically did not change and accounted for 25.1 % (during 2013 – 25.3 %). Most of the supply volume of the CKD kits was accounted for by Kazakhstan just as in the previous years (1 273 CKD kits), significantly lower volumes of CKDs were exported to India, Lithuania and the UAE.

#### **Trend Pattern of KAMAZ CKD Supplies to Export Markets:**

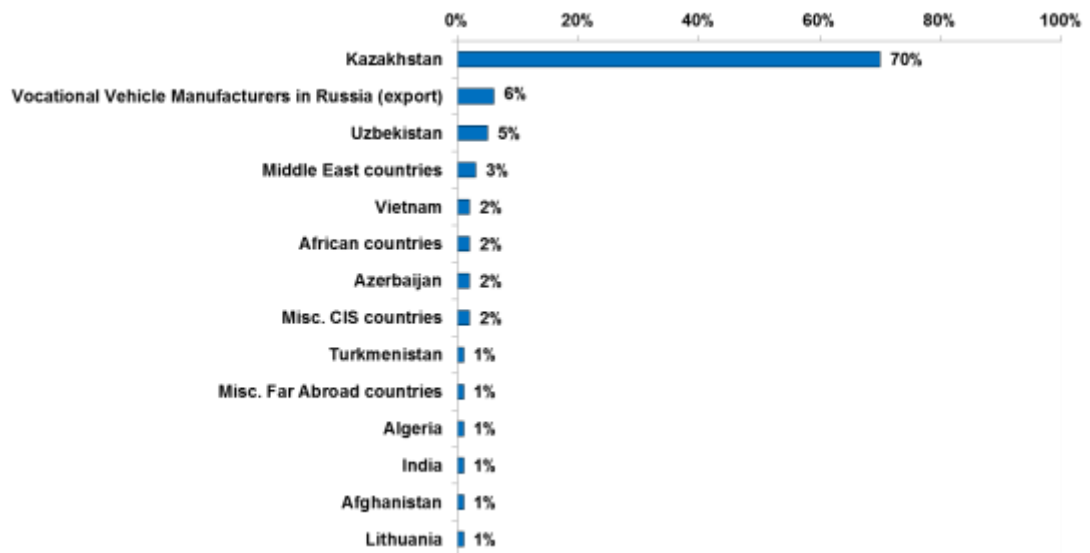
Sales Market	2012	2013	2014
Kazakhstan, units (%)	942 (86,5%)	1 336 (92 %)	1 273 (81%)
Far Abroad, units (%)	186 (13,5%)	116 (8 %)	255 (19%)
<b>Total, units</b>	<b>1 128</b>	<b>1 452</b>	<b>1 528</b>

## Proportion of Vehicle Types (Trucks, CKDs) in the Total Export Volume of KAMAZ



KAMAZ has historically held strong positions in the dump truck and miscellaneous construction equipment segment, in many respects thanks to availability of a competitive range of all wheel drive trucks whose proportion in the total volume of sales makes up on the order of 30%.

### **Countries' Proportion in the Total Export Volume of Vehicles in 2014.**



Judging by the year 2014 results, the following countries made it to the top ten importers of KAMAZ products: Republic of Kazakhstan (4 269 trucks and CKDs), Uzbekistan (325 vehicles), UAE (166 vehicles), Vietnam (139 vehicles), Azerbaijan (133 vehicles), Afghanistan (90 vehicles), Turkmenistan (89 vehicles), Algeria (78 vehicles), India (70 vehicles), Kirgizstan (66 vehicles).

## Key Competitors in the Russian and Foreign Truck Markets

Russia (GVW 14-40 ton and GVW 8-14 ton truck Market)	<ul style="list-style-type: none"> <li>- Russia's and CIS countries' historical producers (URAL, MAZ, KRAZ);</li> <li>- European producers, including those who are engaged in truck assembly in Russia (Scania, MAN, DAF, VOLVO, Renault, IVECO);</li> <li>- Chinese producers (SHAANXI, HOWO, FAW, DONGFENG, CAMC, FOTON, JAC);</li> <li>- Japanese and South Korean producers including those who are engaged in truck assembly in Russia (ISUZU, Mitsubishi, HINO, DAEWOO, HYUNDAI).</li> </ul>
Kazakhstan	- Chinese producers (HOWO, CNHTC, DFW, Chenglong, FAW, etc.) as well as DAF, MAZ, Ural
Central Asia, Caucasus	- MAZ, Ural, MAN (in Uzbekistan – local assembly), new West European (MAN, Iveco, Volvo), Ford assembled in Turkey, second hand West European vehicles (MAN), Chinese (HOWO, Shacman), KrAZ
South East Asia	- MAZ, Chinese (HOWO, CNHTC, DFW, Chenglong, FAW, JAC and others), Korean (Hyundai, Daewoo), new and second hand West European (Scania, MAN, Volvo), Japanese (Hino, Isuzu, UD Trucks) and American marques
Middle East	- West European (Scania, MAN, Volvo, Iveco, DAF), Korean (Hyundai, Daewoo), Indian (Tata), besides, the region is beginning to be actively conquered by Chinese producers (Dong Feng) and MAZ
Africa	- Ural, second hand West European made vehicles (MB, Scania, Renault, Man, Volvo, Iveco, DAF), new trucks made by Chinese (FAW, Foton, HOWO, Shacman), Indian (Tata) and Japanese (Isuzu local assembly, Nissan Diesel) producers
Latin and South America	- trucks made by North American producers (Ford, General Motors, International, Western Stars, Kenworth, Mack, Ford), trucks of European brands (VW/MAN, Scania, Volvo, Iveco), Japanese made trucks (Nissan Diesel, Mitsubishi), Chinese makes (Sinotruck, Foton, Shacman, FAW). Considerable volume is accounted for by Brazilian assembled trucks
India	- trucks of local manufacture: Tata, Ashok Leyland, Mahindra, AMW, MAN, Bharat Benz.

## Sales

### Sales

Sales trend development in in-kind terms for each product (truck family) broken down by markets, buyers. Analysis of data given for 2 years

#### Sales Trend Development for KAMAZ Trucks, units.

	2014	2013	2014/2013
Domestic Sales	32566	38089	(14.5%)
Exports, Including:	6089	5743	6.0%
CIS countries	4 934	5042	(2.14 %)
Far abroad	1 155	701	64.76%
TOTAL	38655	43832	(11.8%)

#### Sales Breakdown By Truck Payload in the Russian Federation's Market, units.

	2014	2013	2014/2013
Trucks 14-40 tons	32109	37411	(14,2%)
Trucks 8-14 tons	457	678	(32,6%)
TOTAL	32566	38089	(14,5%)

During 2014, there was an increase in the truck exports. The volume of export sales increased by 346 trucks, 6% up on the previous year.

### Dealer Network

## In the Russian Market

**Among all the companies producers of heavy duty trucks with a footprint in the Russian market, KAMAZ OJSC owns the largest dealer and service network.**

Maximum coverage of customer base in the regions or provinces is one of the Company's key competitive advantages. The Company's dealer network in Russia, as it stood on December 31-st 2014, numbered 220 entities (operators), of which 192 entities (operators) had been validated for the right to service the Company's products.

During 2014, the Company was active in improving the quality of service and service support in the truck market by looking to achieve greater satisfaction of the customers' requirements and to implement continuous improvement of operations.





## Dealer Network in the Foreign Sales Markets

The dealer network of KAMAZ OJSC in foreign countries, as it stood on December 31st 2014, consisted of 75 entities, including Trading Companies, distributors, dealers to sell trucks and spare parts, with:

- 21 entities in the far abroad countries;
- 54 entities in the CIS countries.

During 2014, as part of the annual validation of the entities in KAMAZ OJSC dealer network abroad, the following new entities of the dealer network were appointed:

- Distributor in Indonesia, new export region,
- Dealer in Serbia,
- Dealer in Uzbekistan.

Geographic Position of the Entities in KAMAZ OJSC Sales Network and Assembly Plants Abroad (as at 31.12.2014)



During 2014, KAMAZ trucks and CKD sets were exported to more than 30 countries in the CIS, South East Asia, the Middle East, Africa, Eastern Europe, Latin America.

Assembly of KAMAZ trucks from CKD sets was performed at the assembly plants in Kazakhstan, Lithuania, India.

## 2.2 Priority Activities in the Product Area



*The Company is confronted with the issues of retaining and developing competitiveness, improving efficiency up to the level of the foremost companies in the industry. This can be achieved by launching into the market a new generation of trucks, having accomplished full scale technological modernization and developing the trading and service network of KAMAZ.*

**Irek Gumerov,**  
Deputy General Director,  
KAMAZ OJSC - Director for Business  
Development

### Priority Activities In the Area of Product Strategy of KAMAZ OJSC During 2014

#### Investments into Technological Development in 2014

The investment program as the key tool of implementing the strategy is focused on product development and in-depth technological modernization of production. The year 2014 saw successful resolution of the tasks relating to expansion of the model line, improvement upon the consumer qualities of the products made, development of prospective vehicle types, systems and components, expanded use of modern technologies.

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#### **KAMAZ Trucks of the New Generation:**

- ✓ 14 builds of the long haulage family M1836 - M1840 (KAMAZ 5490) have been established;
- ✓ assemblies have been carried out for installation batches of the transport family of trucks: semi-trailer tractor truck T2642 (KAMAZ 65206) and flat bed trucks T2640 (KAMA3 65207);
- ✓ prototypes of heavy duty family trucks have been developed and fabricated K3340 – K5040 (KAMAZ 6580, KAMAZ 65801, KAMAZ 65802) with the 6x4, 8x4, 6x6 wheel formula.

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#### **Upgrade of Existing Model Line:**

- ✓ Testing and design engineering work is complete on the KAMAZ 43502 and 5350 chassis, KAMAZ 65116 semi-trailer tractor truck with rear pneumatic suspension, the KAMAZ 65117 and KAMAZ 53082 chassis with front and rearзаднее pneumatic suspension;
- ✓ Testing and design engineering work is complete to create the KAMAZ 53501 tractor, compliant with the requirements of the European Agreement on International Road Transportation of Hazardous Cargoes;

- ✓ Prototypes of special purpose KAMAZ 7330 chassis (10x4 wheel formula) and KAMAZ 7360 chassis (10x10 wheel formula) have been developed and fabricated;
- ✓ Work has been continuing to create a family of KAMAZ trucks powered by Euro-5 engines for the domestic market and the trucks powered by Euro-6 for export.

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**Buses and Bus Chassis:**

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- ✓ A prototype of low entry bus of large class has been fabricated, NEFAZ 5299 powered by Cummins Euro-5 engine and automatic transmission ZF Ecolife;
- ✓ Development of design documentation is complete on the KAMAZ 52974 low entry chassis powered by Cummins Euro-5;
- ✓ A prototype has been fabricated for the low entry bus NEFAZ 52994 with CNG engine Daimler Euro 5 and ZF components;
- ✓ Bus chassis KAMAZ 5297 powered by CNG engine Weichai Euro 5 has been fabricated;
- ✓ Work has been continuing to expand the family of bus chassis of small class KAMAZ 3297 powered by diesel and CNG engines.

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### **KAMAZ Diesel and CNG Engines, Euro-5:**

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- ✓ Prototypes have been made for the new family of inline six cylinder engines, displacement 12 liters, stand tests have been run, design documentation has been prepared for process development;
- ✓ Prototypes of V-8 diesel engines have been made, parametric and certifications tests have been run;
- ✓ For CNG V-8 engines, a set of debugging activities have been carried out in respect of the cylinder and piston related parts, injection and ignition systems, acceptance tests have been run with respect to the trucks with cryogenic system of storing liquefied natural gas.

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### **Developments with Government Co-Financing:**

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- ✓ Acceptance tests are complete for prototypes of all wheel drive semi-trailer tractor trucks with the 6x6 wheel formula with hybrid power module and front independent suspension;
- ✓ Prototypes of electric buses of extra small and large classes have been fabricated with lithium and titanium storage batteries and provision for connection to the trolley bus network;
- ✓ Prototype of truck chassis with driving wheel drive system with independent suspension has been made.

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### **Development of Digital Technologies**

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Work has carried on to automate product development and product manufacturing processes, management of product projects in one single information environment Teamcenter.

Management of requirements respecting the trucks of the new model line has been implemented, electronic process of assembly has been created and its 3D modeling has been done for KAMAZ 5490 truck.

Integration of Teamcenter information system and SAP has been expanding.

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### **The Project «Re-Engineering of Truck Production Operation and Creation of KAMAZ Prospective Family of Trucks»**

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The purpose of the project is to create a compact size, energy efficient, flexible, high technology production operation to manufacture competitive trucks of broad model line.

The Project is being implemented in accordance with the approved schedule which foresees a modular approach which allows adaptive management of investments and reduction of risks of capacity under-utilization when market demand fluctuates.

The first stage presupposes creation of production facilities for production of up to 35 thousand trucks a year of prospective model line. The second stage encompasses increased level of component localization and ramp-up of capacity for the output of up to 70 thousand trucks of new generation a year.

Investments into engineering development during 2014 proceeded along the lines of priority R & D activities, development of technologies, upgrade of production facilities.

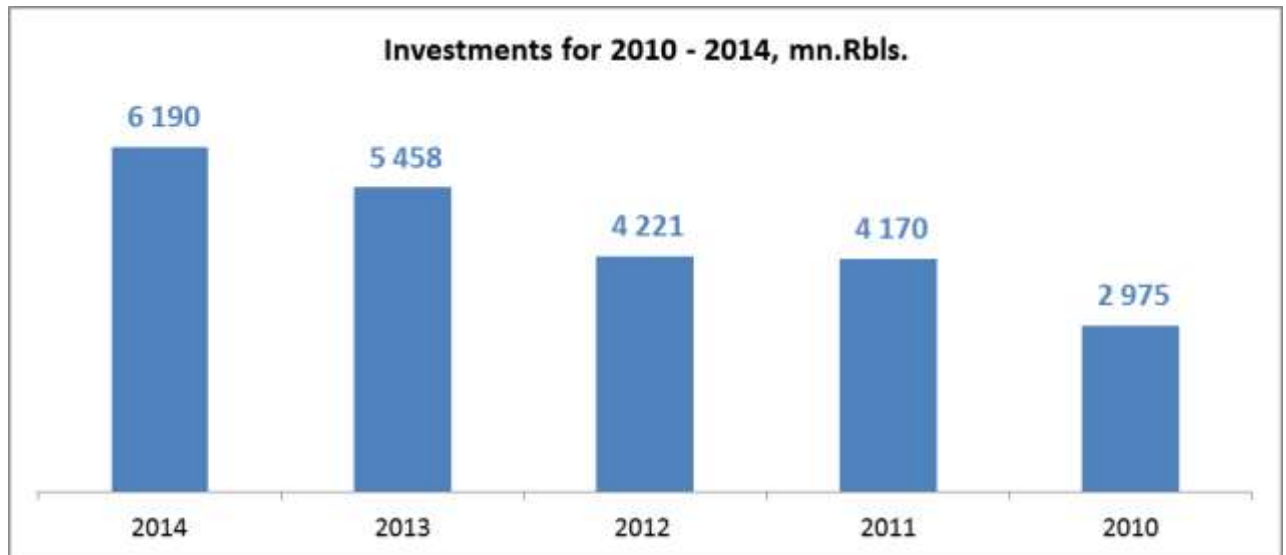
**The volume of investments will amount to 6.19 bn Rubles, 13 % up on 2013.**

**Key projects which were being implemented during 2014:**

- **Re-engineering of truck production operation and creation of the prospective family of KAMAZ trucks;**

- **Development and organization of production of 6 cylinder inline engines with 12 liter displacement;**
- **Process engineering for trucks and cabs of new generation;**
- **Implementation of the new technology of manufacturing the housing beam;**
- **Organization of production for axles for heavy duty trucks KAMAZ 6522, 6560.**

**Investments into Technological Development of KAMAZ OJSC Group of Organizations During 2010-2014, mn. Rbls. (IFRS)**



Key projects for product development and technologies development which were being implemented during 2014:

- Re-engineering of truck production operation and creation of the prospective family of KAMAZ trucks;
- Development and organization of production of 6 cylinder inline engines with 12 liter displacement;
- Process engineering for trucks and cabs of new generation;
- Implementation of the new technology of manufacturing the housing beam;
- Organization of production for axles for heavy duty trucks KAMAZ 6522, 6560.

## 2.3 Report by the Board of Directors on the Results of Development Along the Lines of Priority Activities

### 2014 Financial Results



*The strategy ensuring the Company's success, is built around creation of a high degree of adaptability to current market conditions, orientation to the customer in deed rather than in words.*

**Andrey Maximov,**  
Deputy General Director, KAMAZ OJSC, Finance Director

#### **Year End Results**

During 2014, KAMAZ Group managed to retain leadership position in the national truck market, specifically GVW 14-40 tons, and achieve a positive result based on the year end results (net profit of KAMAZ Group for the year 2014 amounted to 211 mn.Rbls., of which 149 mn.Rbls. is the portion of the major shareholders, 62 mn.Rbls. is the minority shareholders' portion), despite negative influence caused by the slow-down of the Russian economy, i.e. plummeting sales, rise in interest rates and negative effect caused by appreciation of the key foreign currencies.

#### **REVENUE**

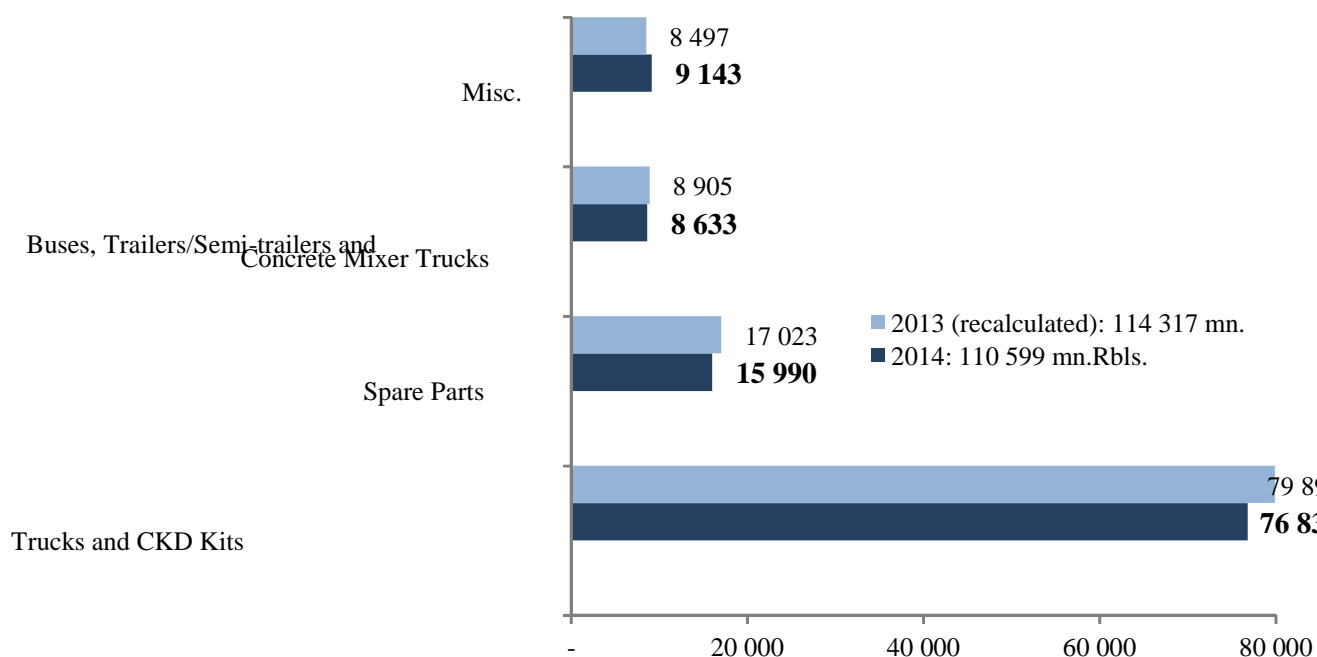
Based on the year 2014 results, revenue from sales decreased by 3 718 mn. Rbls. or 3%, from 114 317 mn. Rbls. in 2013, down to 110 599 mn. Rbls. in 2014, mainly driven by the 12% decline in sales volumes.

#### *Breakdown of Revenue By Type of Products, Work, Services*

mn. Rbls.	2014	2013 (recalculated)	14/13
Trucks and CKD Kits	76 833	79 892	-4%
Spare Parts	15 990	17 023	-6%
Buses, Trailer and Semi-Trailers, Concrete Mixer Trucks	8 633	8 905	-3%
Production Services	4 309	3 006	43%
Metallurgical Products	1 307	1 354	-3%
Revenue from Financial Lease	567	614	-8%
Misc.	2 960	3 523	-16%
<b>Total Revenue</b>	<b>110 599</b>	<b>114 317</b>	<b>-3%</b>

The breakdown of revenue compared to the previous year did not change much. The main segment of KAMAZ group's business continues to be sales of trucks and CKD kits - 69% of the revenue (2013: 70%), 14% of the revenue (2013: 15%) The Group gains from spare parts sales, 8% (2013: 8%) – from sale of buses, trailers/semi-trailers and concrete mixer trucks, miscellaneous activities account for 9% of the revenue (2013: 7%).

Change in Revenue By Type of Products, Work, Services (mn. Rbls.)



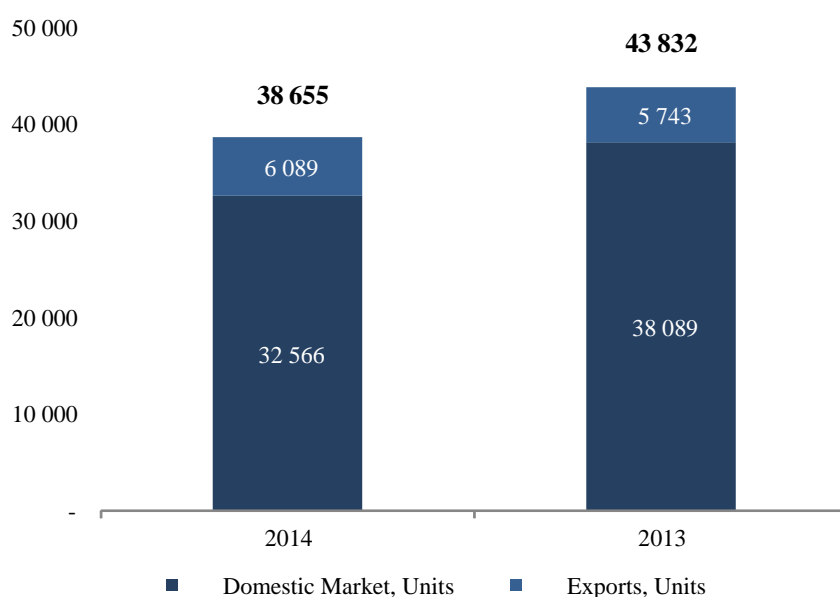
In 2014, a result of the overall tendency for decline, there occurred a fall in sales for all the main segments of KAMAZ Group's business. Revenue from sales of trucks according to the results for 2014 amounted to 76 833 mn. Rbls., which is 3 059 mn. Rbls. or 4% lower than the year 2013 result. Revenue from sales of spare parts lowered compared to the year 2013 by 1 033 mn. Rbls. or 6%. Bus sales revenue, trailer/semi-trailer sales revenue and concrete mixer truck sales revenue decreased by 272 mn. Rbls. or 3%.

The truck market of the Russian Federation, according to the year 2014 results showed a reduction by 24% on the previous year, which is attributable to the general decline in business activity due to geopolitical tension and economic instability. Under such conditions, KAMAZ has been continuing to retain its leadership position in the national truck market, i.e. the market share of KAMAZ OJSC in the Russian market for GVW 14-40 ton trucks according to the results for 12 months of 2014 comprises 45.9% (versus 44.6% in 2013).

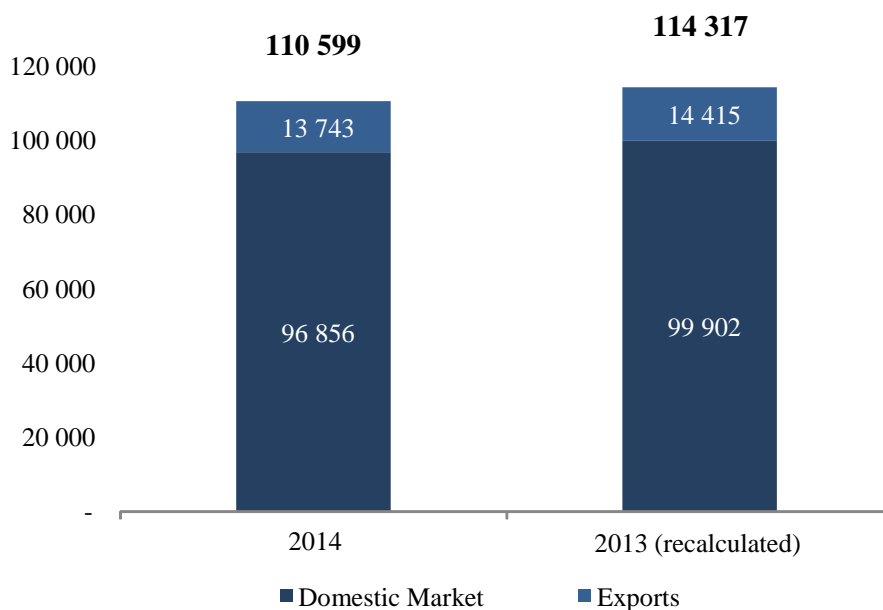
Operating Indicators	Unit of Measurement	2014	2013	2012	2011	2010	14/13
Sales							
Trucks	units	38 655	43 832	45 471	45 288	32 300	-12%
Domestic Market	units	32 566	38 089	39 142	39 122	28 260	-15%
Export	units	6 089	5 743	6 329	6 166	4 040	6%
Buses	units	533	897	687	549	858	-41%
Trailers and Semi-Trailers	units	3 974	5 812	7 762	7 904	4 587	-32%
Market Share of Trucks in the Russian Federation	%	46%	45%	34%	38%	47%	3%

(GVW 14-40 tons)

*Truck Sales Volumes in the Domestic Market and Exports, Units*



Revenues from Sales By Sales Market, mn. Rbls.



The Russian market for the Group continues to be the main source generating revenues. During 2014, the domestic market produced 88% of the total revenue. Similar situation was observed also in 2013 (87% of the total revenues).

The most important export market in 2014 was Kazakhstan (2013: Kazakhstan and Ukraine).

## **PROFITABILITY**

<b>Revenue and Profitability</b>		<b>2014</b>	<b>2013</b>	<b>14/13</b>
			<b>(recalculated )</b>	
Revenue	mn . Rbls	110 599	114 317	-3%
Gross Profit	mn . Rbls	14 589	16 901	-14%
<i>Gross Profit Margin</i>	%	13,2%	14,8%	
Operating Profit	mn . Rbls	2 243	5 695	-61%
<i>Operating Profit Margin</i>	%	2,0%	5,0%	
Net Profit	mn . Rbls	211	4 267	-95%
<i>Net Profit Margin</i>	%	0,2%	3,7%	
Net Profit of the Company's Shareholders	mn . Rbls	149	4 367	-97%
EBITDA	mn . Rbls	5 610	9 046	-38%
<i>EBITDA Margin</i>	%	5,1%	7,9%	
Equity	mn . Rbls	39 831	38 724	3%
<i>ROE, Return On Equity</i>	%	5,6%	14,7%	
Number of Shares , Average Weighted	thnd shares	680 906	718 686	-
EPS, Earnings Per Share	Rbls/share	0,22	6,08	-96%

Despite the difficulties faced in 2014, according to the year end results, KAMAZ Group succeeded in achieving a positive result and stay in profit. Operating profit made up 2 243 mn.Rbls. (2013: 5 695 mn.Rbls.) with a profit margin of 2% of the revenue (2013: 5%).

Net profit margin for the year 2014 came up to 0.2% of the revenue (2013: 3,8%), net profit – 211 mn.Rbls. (2013: 4 367 mn.Rbls.).

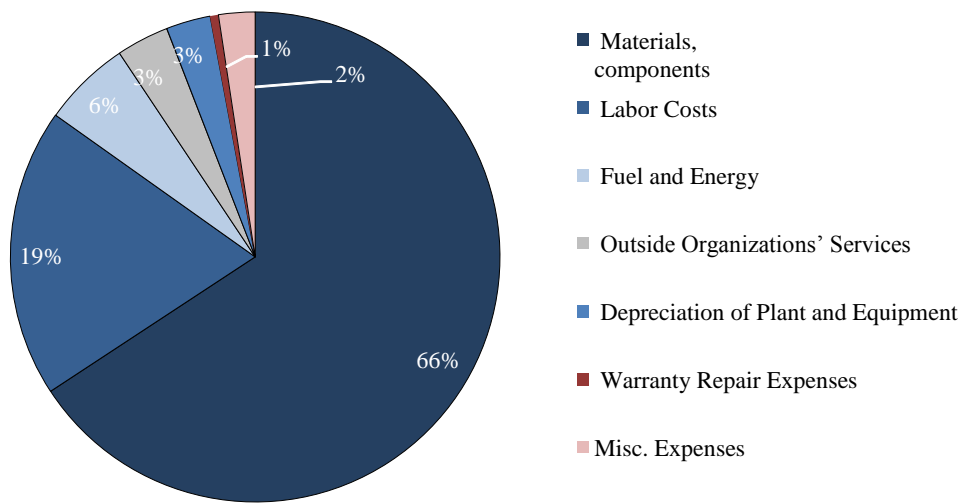
Reduced profitability was brought about by depressed volumes and changed sales structure in favor of lower margin trucks (increase in the proportion of Euro-4). Shooting up currency exchange rates and resultant appreciation of purchased imported components, revaluation of foreign currency denominated accounts payable, recognition of the portion in the losses of associated companies and joint venture companies also told adversely on profitability indicators.

To improve on profitability indicators, decisions were taken to raise prices in the domestic and foreign markets. Also negative effects were compensated for by the program for business efficiency improvement.

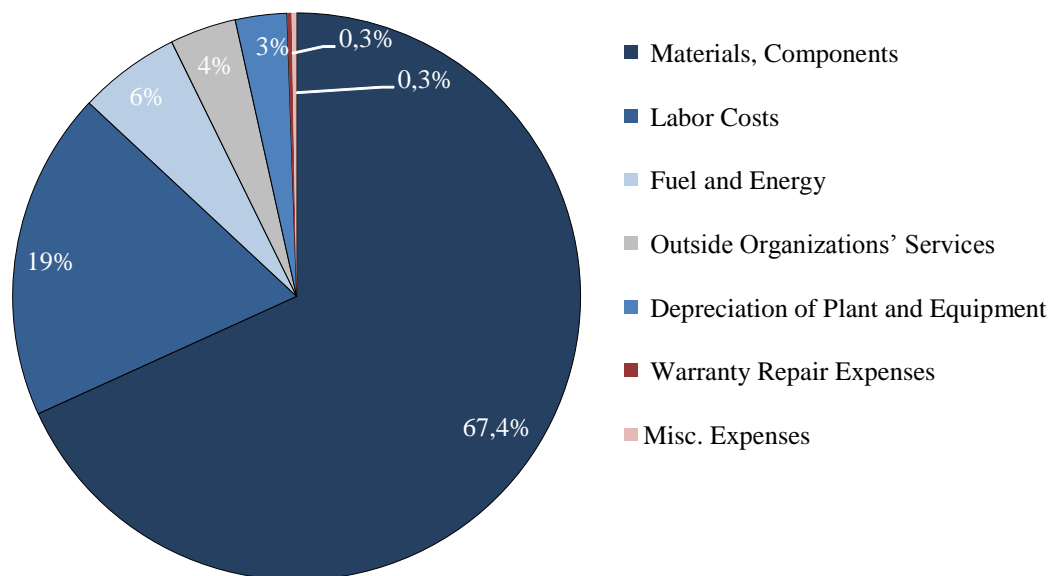
#### *Business Efficiency Improvement Program*

During 2014, work continued with respect to the holistic Program for Business Efficiency Improvement.

#### *Cost Structure in 2014, %*



Cost Structure in 2013, %



Two main items have the greatest specific weight in the cost structure for the year 2014:

- materials and components used in production– 66% (2013: 67.4%);
- labor costs– 19% (2013: 19%).

Alleviation of the negative impact caused by rising prices for materials and components was achieved by means of optimizing the model line, by increasing prices for low profit margin trucks and miscellaneous actions within the framework of improving business efficiency.

Within KAMAZ Group, during 2014, there continued the business restructuring program with a view to shedding non-core assets, increasing the focus of the management's attention on the key business, laying off redundant personnel as a result of divestiture of non-core businesses and curtailing management expenses.

### Operating Profit

During 2014, KAMAZ Group ended up with a positive operating result in the amount of 2 243 mn.Rbls. (2013: 5 695 mn.Rbls.). Operating profit margin equals 2% of the revenue (2013: 5%). Reduced operating profit resulted primarily from the decline in the sales volumes caused by unfavorable macroeconomic events, which resulted in the overall fall in sales of commercial vehicles during 2014. Under such complicated conditions KAMAZ Group was successful in obtaining good operating results and make profit, among other things, thanks to successful and consistent implementation of the business efficiency program and business restructuring program.

Influence of Financial Revenues and Expenditures on Net Profit for 2014, mn. Rbls.

	2014	2013 (пересчитано)
<b>Operating Profit</b>	<b>2 243</b>	<b>5 695</b>
Interest Expenses	(1 656)	(1 463)
Capitalized Interest Expenses	192	224
Government Subsidies for Interest Rates	670	587
Interest Revenues	513	419
Exchange Rate Differentials	(1 210)	468
Discounting of Credit Facilities and Loans, Leasing Interest, misc.	(144)	(400)
Profit Tax	(397)	(1 263)
Minority Shareholders' Portion	(62)	100
<b>Net Profit</b>	<b>149</b>	<b>4 367</b>

During 2014, KAMAZ Group made net profit in the amount of 149 mn.Rbls. (2013: 4 367 mn.Rbls.). The key factor that influenced the reduction in the result was the reduced sales volumes. The greatest negative effect on the lowering of net profit was produced by negative exchange rate differentials on financial and non-financial liabilities.

**LIQUIDITY AND FINANCIAL DEBT**

<b>Working Capital and Liquidity</b>		2014	2013 (recalculated)	14/13
Working Capital	mn. Rbls.	16 975	17 280	-2%
<i>Turnover of capital, days</i>	<i>days</i>	56	55	
Cash Flow from Operating Activities	mn. Rbls.	5 667	6 763	-16%
R & D Investments and Upgrade of Plant and Eq.	mn. Rbls.	6 190	5 458	13%
<i>Investments as Percentage of Revenue</i>	<i>%</i>	5,6%	4,8%	
Financial Debt (Credit Facilities and Loans)	mn. Rbls.	23 814	16 518	44%
Net Debt	mn. Rbls.	12 623	10 795	17%
<i>Net Debt/EBITDA</i>	<i>times</i>	2,2	1,2	89%
Interest Expenses Less Subsidies	mn. Rbls.	794	652	22%
<i>Coverage for Interest</i>	<i>times</i>	2,8	8,7	

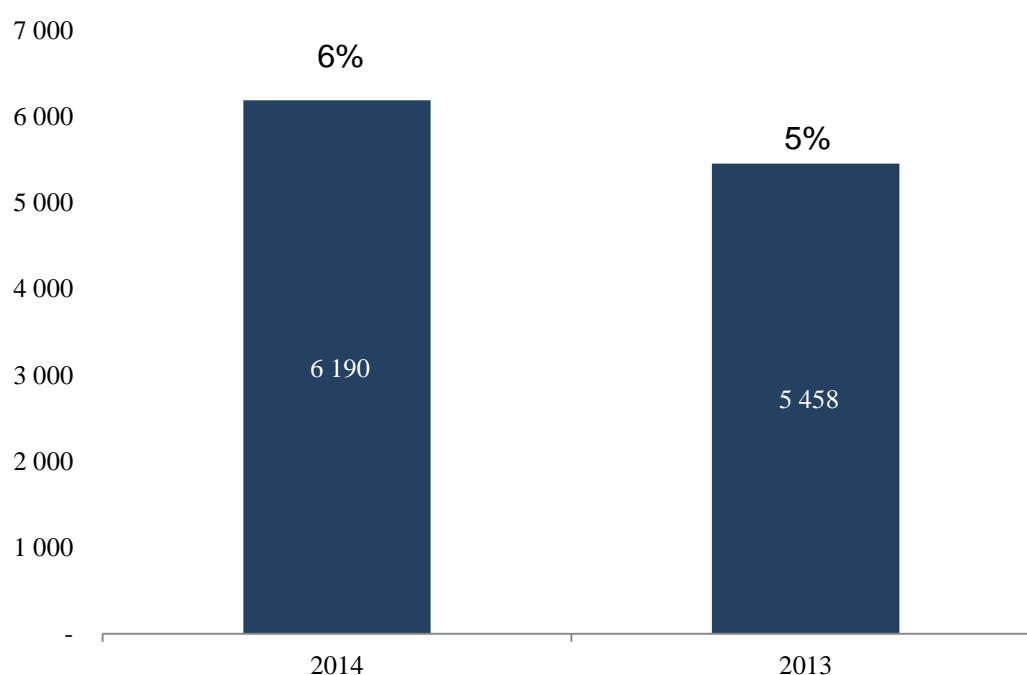
In 2014, the operating cycle of KAMAZ Group did not change, to all intents and purposes – 56 days (2013: 55 days). Despite reduction in revenues, the Group maintained a positive operating cash flow in the amount of 5 667 mn.Rbls. (2013: 6 763 mn.Rbls), which enabled KAMAZ Group to keep its debt burden at a sufficiently acceptable level with substantial increase in investment expenditures. The level of the financial debt equaled 23 814

mn. Rbls. (31.12.2013: 16 518 mn. Rbls.), while the net debt to EBITDA ratio was at the level of 2.2 times (31.12.2013: 1.2 times), which bears out the Group's financial stability. The level of net financial debt increased marginally to 12 623 mn.Rbls. as at 31.12.2014 – (31.12.2013: 10 795 mn.Rbls.).

In 2014, KAMAZ Group continued to manage its liquidity by maintaining sufficient cash balances and credit resources, by regular monitoring of cash receipts and expenses, as well as by keeping an equilibrium between maturity dates for repayment of financial assets and liabilities using the cash-pooling project (cash flow management project).

## INVESTMENTS

*Investment costs, mn. Rbls.*



The difficult economic situation in 2014 did not affect the implementation of KAMAZ Group's investment program. Implementation of priority strategic projects continued. As a result, growth in the investment costs incurred in Research and Development and modernization of plant and equipment reached 732 mn.Rbls. or 13 % on the previous year. In 2014, investment costs were equal to 6 190 mn. Rbls., or 6% of the revenue (2013: 5 458 mn. Rbls., or 5% of the revenue).

In 2014, in the overall amount of capital expenditures, the greatest specific weight was accounted for by the investments into the purchase of plant and equipment – 77% (in 2013 – 70%). Investments into testing and design engineering developments and acquisition of intangible assets – 22% (in 2013- 25%) and miscellaneous investments - 1% (in 2013 – 5%).

The main activities for investments during 2014 were the projects for development of prospective KAMAZ trucks.

## 2.4 Production and Manufacturing Operations



*KAMAZ does indeed have something to offer the market. The projects aimed at KAMAZ staying competitive and not lagging behind technological development are a priority.*

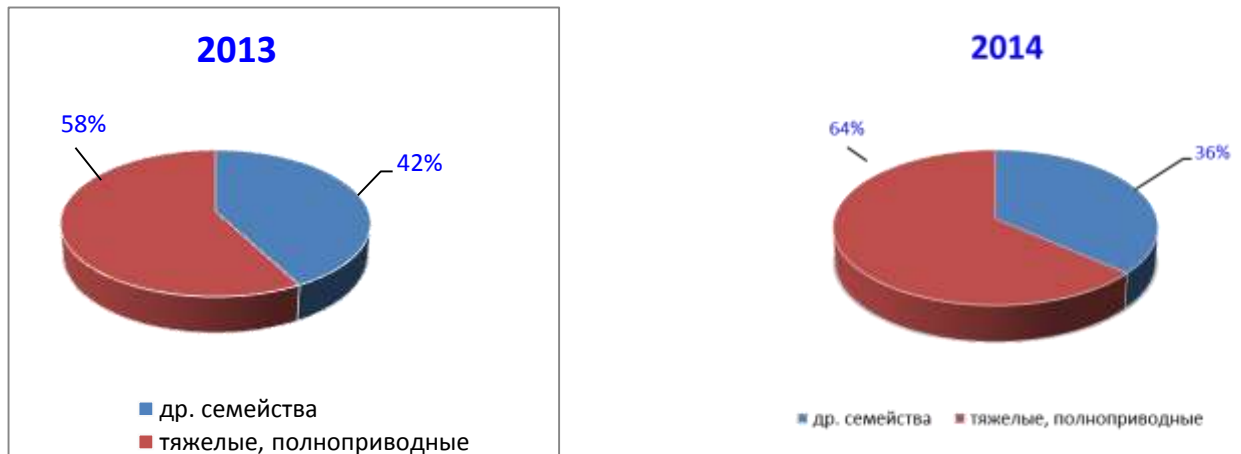
**Yuri Gerasimov,**  
First Deputy General Director,  
KAMAZ OJSC - Executive Director

### Production Results for the Year 2014

In 2014, 38 848 trucks were turned over to sales, 12.5% down on the previous year's level. Daily build rate in 2014 was 212 units.

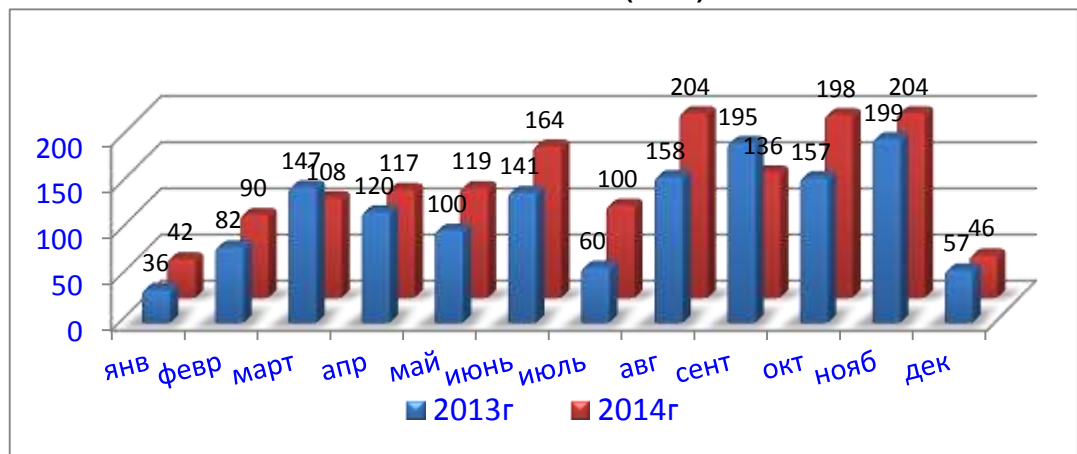
The proportion of heavy duty trucks and all wheel drive trucks in 2014 increased by 6 % compared to 2013. Growth was due to modernization of the model line of these truck ranges and industrialization of new truck builds.

**Proportion of Heavy Duty and All Wheel Drive Trucks**



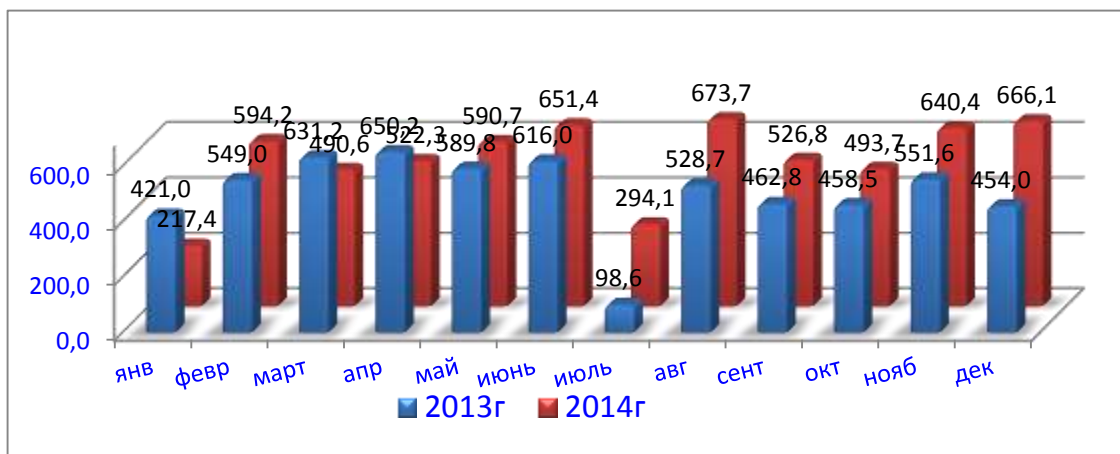
CKD kit production: 2013 - 1452 truck sets, 2014 - 1528 truck sets. Increase by 5 % on the year 2013 actual.

**CKD Kit Production (units)**



Production volume of spare parts in 2014 amounted to 6 361.0 mn. Rubles, an increase of 6% on the 2013 volume (6 011.5 mn. Rbls).

**Production Volume of Spare Parts (mn. Rbls.)**



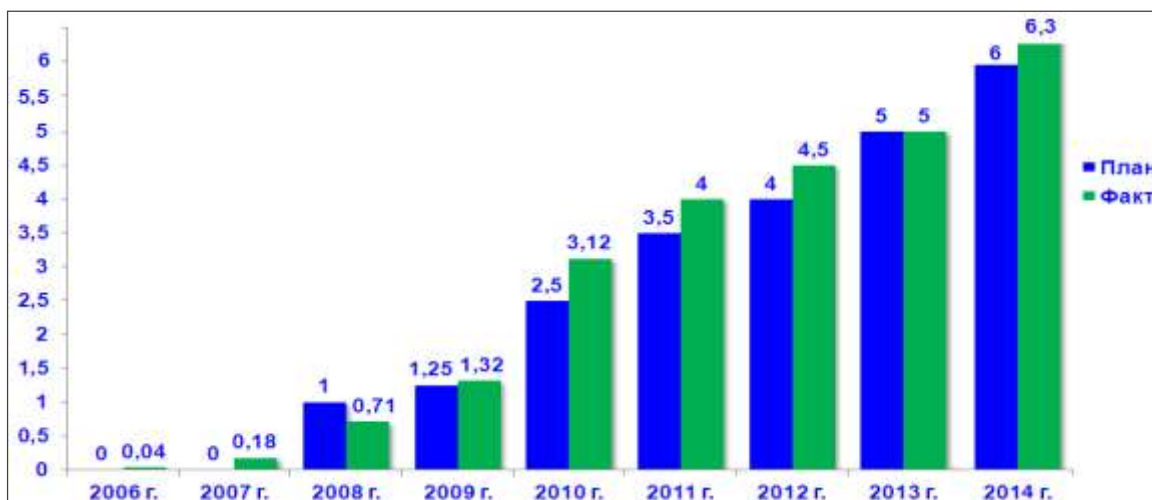
### Production System

For the purpose of improving competitiveness of KAMAZ OJSC, improving the quality of the products made and increasing labor productivity at KAMAZ OJSC, continuous work is being done aimed at developing Production System (PSK) on the principles of lean production. During the period between 2006 and 2014, a team of lean leaders was formed, cross functional groups were formed for continuous improvement with application of process management standard from places of value creation (SFM – Shop Floor Management).

Successes in development of KAMAZ Production System are achieved by involving personnel into continuous improvement system with respect to all the activities of KAMAZ’s business through submission of kaizen suggestions and implementation of kaizen projects. In 2014, more than 283 thousand kaizen suggestions were submitted, 1503 kaizen projects were implemented with economic benefit of more than 3 bn. Rbls., implementation of multi-machine tool service of the equipment generated an economic benefit of 14.2 mn. Rbls.

Indicative of the degree of personnel involvement is the ascending trend for the rise in the number of kaizen suggestion submissions per 1 person per year; whereas at the beginning of PSK development in 2006, the number of kaizen suggestions per one employee was 0.04, in 2014, on the average, 6.3 kaizen suggestions were filed per one employee.

**Trend Development of Kaizen Suggestion Submissions Per 1 Employee Per Year**



As part of the implementation of the Targets of «KAMAZ Production System» for 2014, a strategy planning session on development of PSK+ with the participation of TOP-executives of KAMAZ OJSC and Daimler AG was held.

Adhering to the principle «Share openly, learn proudly», representatives of Rosatom State Corporation headed by Sergey V. Kirienko, General Director, took part in the proceedings of the strategy planning session on «PSK+» development of KAMAZ OJSC. The representatives of Rosatom State Corporation underwent training at the Process Factory, where they acquired experience in practical use of Lean tools and principles in production processes, familiarized themselves with experience in developing PSK, having visited the offices of the Headquarters of KAMAZ OJSC and the production sites of the Truck Assembly Plant and the Press and Stamping Plant as well as the Engine Plant.

On the site of KAMAZ OJSC, a conference and field meeting of the Military Industrial Commission under the Government of the Russian Federation was held on «Introducing Lean Production Systems in the Defense and Industrial Complex Organizations».

450 executives of the defense and industrial complex enterprises from 19 regions and provinces of the Russian Federation, 39 cities took part in the conference. Within the framework of the conference program, the following was held:

- tours of the plants of KAMAZ OJSC: Truck Assembly Plant, Press and Stamping Plant and Engine Plant;
- plenary meetings, business games and master classes, including those at the Process Factory, round tables.

For the purpose of spreading successful experience in developing PSK at KAMAZ OJSC, «Open Doors Day» is held. During the period under review, representatives of more than 70 enterprises in Russia, the Republic of Tatarstan, the Chuvash Republic, the Udmurt Republic familiarized themselves with the development of the Production System of KAMAZ OJSC.

Within the framework of integrating TOS and PSK Production Systems, development is underway of the «Process Factory» Training Center at KAMAZ OJSC. In a joint effort with the experts from Daimler AG, two pilot training sessions were conducted in the «LEAN in the office» auxiliary processes. During the period under review, the process factory trained 630 executives and professionals of KAMAZ OJSC in the following topics: «SFM Using the Turbo Charger Assembly Example» and «LEAN in the office».

#### **Key Results of PSK Development in 2014**

Item No.	Indicators	2014
1.	Trained in the principles and methods of «Lean Production»	100% newly hired personnel
2.	Kaizen suggestions submitted	286 545
3.	Kaizen suggestions implemented–	255 138
4.	Projects opened	1 998
5.	Projects implemented	1 539
6.	Economic benefit achieved, mn.Rbls.	3 008.6
7.	Costs incurred in developing KAMAZ Production System amount to, mn. Rbls. (0.31% of the economic benefit)	9.3

#### **Targets of KAMAZ Production System in 2015**

In a bid to achieve the target «increase in labor productivity up to the level of no fewer than 2.0 trucks per employee by 2020», provided for by the Strategic Development Program of KAMAZ OJSC for the Period Until the Year 2020, annually KAMA OJSC adopts the Targets of KAMAZ Production System (PSK). The targets of PSK are decomposed down to the divisions and organizations of KAMAZ OJSC, which include obligations to attain the targets set.

**The 2015 Targets contemplate:**

1. Opening and implementing 1500 kaizen projects aimed at eliminating/containing losses in production and office processes with the total economic benefit of 1 100 mn. Rbls.
2. Training 100% pool of candidates for executive positions of the top management echelon and medium management echelon in the principles and tools of PSK.
3. Providing methodological support for development of the Production System of suppliers, subsidiaries, joint venture companies and dealers based on the PSK principles.
4. Ensuring that information is broadly distributed about successful experience in developing PSK to increase personnel’s loyalty, the loyalty of the Company’s customers, that of the inhabitants of the Republic of Tatarstan to KAMAZ OJSC.
5. Assuming a committed attitude to creating and operating the structures which promote and facilitate development of lean production in the Republic of Tatarstan and the Russian Federation.

### Quality Management System

Product quality assurance is carried out pursuant to the Policy of KAMAZ OJSC in the quality area whose key tasks are as follows:

- improving the quality management system, based on the system of identifying and preventing risks relating to quality at all the stages of the product life cycle;
- introducing a comprehensive assessment of the customers’ satisfaction;
- introducing personnel motivation system and at identifying and resolving problems.

**Russian Register Certification Association, in 2014, successfully conducted an inspection audit of the quality management system of KAMAZ OJSC for compliance with the following requirements: ISO 9001:2008, GOST ISO 9001-2008, GOST RV 0015-002-2012.**

#### Key Indicators of Product Quality

Description of Indicators	Unit of Measurement	2013	2014
<b>Warranty Repair Costs for KAMAZ Trucks</b>	thnd. Rbls.	232 695	176 564
<b>Losses From Scrap</b>	% of cost bn. Rbls.	1.1054 1.56	0.97 1.42

Certain results were attained in improving the quality of truck production during 2014 compared to 2013, namely:

- number of defects per 1 vehicle checked (DPV) went down by 28%;
- defect incidence rate (APA) went down by 27%.

The cumulative indicator of customer satisfaction with the products of KAMAZ OJSC established as a result of interviewing and questionnaires filled out by major truck fleets during the 4-th quarter of 2014, amounted to 7.3 points (during the 4-th quarter of 2013, it was 7.36 points). Assessment was made based on the 10-point scale using the methodology of assessing

customer satisfaction with the products (services) of KAMAZ OJSC. The poll conducted in the fourth quarter of 2014, 230 companies of the Russian Federation took part.

The planning and conduct of the actions necessary to achieve the targets set in the quality area in 2014, were done with respect to 32 processes of the quality management system of KAMAZ OJSC. Completion of the «Quality-2014» Program comprised 97.7%.

96 KVP-groups were set up and are working successfully. The benefit generated by the work done by the groups amounted to 105.8 mn. Rbls.

To involve the personnel in the activities aimed at enhancing the quality of the products made:

- a competition «Best Quality Manager» was conducted among front line managers of the functional and production divisions and organizations of KAMAZ OJSC.

- KAMAZ OJSC, together with the Industry Ministry, organized and held the Inter-Regional Conference «Quality Is the Foundation of Competitiveness of Contemporary Automobile Industry».

- in a joint effort with trades union committee, competitions were held for the title «High Quality Work Team» among the divisions of KAMAZ OJSC.

## Environmental Policy

KAMAZ OJSC is aware of the level of influence of its business and production activities and aspires to achievement of the least negative impact on environment through rational and sparing attitude to nature and natural resources, by reducing volumes and toxicity of discharges into the atmosphere, discharges and wastes of production and consumption.

### **The key principles of environment control at KAMAZ OJSC:**

- Personal responsibility of the top management of KAMAZ OJSC for implementation of the Company's Environmental Policy, continuous improvement of the enterprise's environmental characteristics and those of the products;

- Reduction in negative impact on environment and rational utilization of natural resources;

- Assessment and management of environmental aspects;

- Environmental certification of trucks, the products of KAMAZ OJSC, as recognition of quality;

- Systemic training and refresher training of KAMAZ OJSC personnel in the area of environment protection;

- Environmental support of technological production processes, introducing into production new technologies, equipment, materials, which ensure reduction in negative impact on environment;

- Ensuring openness and transparency of the information about environment protection activities of KAMAZ OJSC.

The key objective of the Company's environmental program is improvement of production environmental safety and reduction in negative impact on environment while maintaining the balance with the organization's socio-economic needs.

### **Results of KAMAZ OJSC's Activities In The Sphere of Environment Control in 2014:**

- ❖ Implementation of the Environment Control Program Until the Year 2020: in the 2014, out of the planned 128 action plans of the Environment Control Program, 115 action plans were completed, completion percentage was 90 % in the amount of 820,078 mn. Rbls.;

- ❖ Confirmation of the Certificate of Conformity of KAMAZ OJSC System of Environment Management to International Standard ISO-14000 based on the results of the inspection audit, carried out by Russian Register Association for Certification;
- ❖ Decorating KAMAZ OJSC with the Diploma of the Ministry of Environment and Natural Resources of the Republic of Tatarstan in the Annual Republican “Eco-Leader” Competition for the 1-st place among the enterprises of the engineering industry;
- ❖ Organizing a remote electronic course of training «Ensuring Environmental Safety In Working In the Area of Handling Production and Consumption Wastes»;
- ❖ Working Out a Sanitary-Protective Zone Project, Securing the Resolution of the Chief Sanitary Physician of the Russian Federation on Establishment of the Dimension of Final Frontiers for the Sanitary Protection Zone of the Industrial Node of KAMAZ OJSC in the territory of the city of Naberezhnye Chelny.

#### **Key Action Plans of the Environment Control Program Completed in 2014:**

- Replacement of sleeve filters in the baghouses of the Iron Foundry and the Steel Foundry;
- Carrying out overhaul, adjustment and control of cleaning efficiency of the dust and gas cleaning units of the Foundries (DC-CF systems were replaced);
- Introducing induction melting of iron instead of electric arc melting at the Foundries;
- Equipping welding stations with a filter ventilation device to clean welding aerosols (sprays) at the Press and Stamping Plant;
- Developing design documentation, fabricating prototypes of EURO-5 diesel and CNG engines;
- Producing engines compliant with EURO-4, EURO-5 standards;
- Purchasing and installing energy conserving bulbs in the divisions;
- Recycling production wastes with the production of goods for sales (refractory granules, crushed graphite, crushed slag) at the Foundries in the quantity of 332 tons;
- The Technology Center is to complete laboratory tests and to issue recommendations regarding production tests of lubricants: Grease GOST 1033079, Tsiatim-201 GOST 6267-74, Graphite lubrication GOST 3333-80 manufactured by Kazan Plant for Low Tonnage Chemistry CJSC;
- Implementing measures aimed at eliminating penetration into sewerage of hydraulic oils from the manufacturing equipment in the divisions of KAMAZ OJSC;
- Organizing work to transition to eco-friendly technologies for plating operations: Technology Center is to carry out laboratory tests to replace solid chrome plating based on 6-valent chrome with chemical nickel; research was performed of nickel plating solutions Nichem 2505 supplied by Atotech-Chemeta, research continues of nickel plating solutions Chimnickel Brilliant and Chimnickel Almaz;
- Replacing metal piping for water supply with polypropylene one at the Foundries;
- Overhaul of the piping for industrial water of the filtration station at the Forge.

#### **Key Activities of the Environment Control Program for Medium Term**

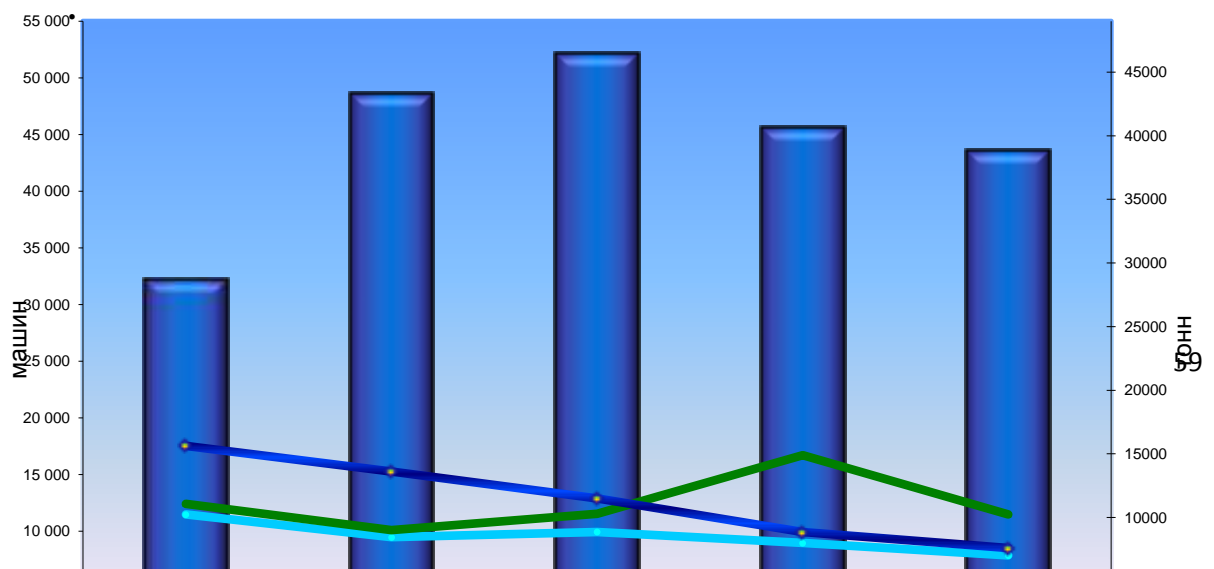
For the purpose of implementing the «Environment Control Program of KAMAZ OJSC for the Years 2013-2020» the following is planned in the divisions of KAMAZ OJSC:

Euro-5 Diesel Engine Family:

- Refining prototypes of engines, components and parts based on the results of debugging work. Updating design documentation based on the results of the work aimed at debugging the engine components and parts. Manufacture of engines for stand tests and driving tests as part of the vehicle;

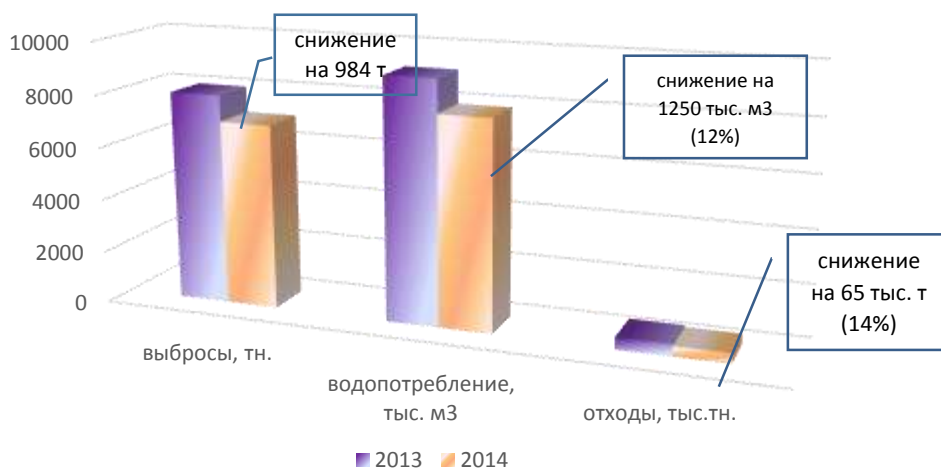
- Carrying out acceptance and certification tests of the engines. Prospective KAMAZ CNG engine. Correcting design documentation based on the test results. Manufacturing original parts and debugging the test engine. Running debugging and driving tests.
- Equipping welding stations with filter ventilation devices NMSF-2Kh160 для to clean from welding sprays;
- Cleaning the reservoirs for return water, tunnels and pipelines from mineral oil slime build-up.
- Preparing technical and environmental feasibility study of the project for the upgrade of gas cleaning unit as the Engine Test Facility;
- Using Fumetrol spray suppressor when chrome coating parts;
- Introducing chrome plating process in Cr<sup>3+</sup> salts instead of Cr<sup>6+</sup> salts;
- Ensuring production of engines which comply with Euro-3, Euro-4, Euro-5 standards;
- Repairing and adjusting heat units;
- Overhaul of pipelines for industrial water.
- Overhaul of emergency ventilation system and filtration blocks;
- Renewal of the fleet of cars (car pool) with emission standards to be no lower than Euro-3.
- Replacement of sleeve type filters at the baghouses of the Iron Foundry and Steel Foundry;
- Replacement of metal piping for water supply on the premises with propylene one;
- Recycling production wastes with production of goods for sale (refractory granules, crushed graphite, crushed slag).
- Repairing and cleaning gas purification units;
- Carrying out overhaul of the exhaust ventilation on the 2500 ton-force press line in Forge Production Building-1.
- Upgrading Pant Chamber No. 99, Truck Completion and Acceptance Shop;
- Implementing Project No.401-008/2013 for general ventilation (OB.C) on the KUKA welding line of the Housings Shop;
- Introducing the method of cleaning paint chambers from enamel deposits using special solvent;
- Introducing Series FES-1400 Electrostatic Filters;
- Developing the project for installation of automatic lubrication devices of the pull chain on power-and-free conveyor in the quantity of 10 pcs;
- Installing metal trays under the tracks of the power-and-free conveyor on descents and ascents (500 running meters).

### Trend Development of Impact on Environment During 2010 -2014.



- During 2014, there was a reduction in indicators observed compared to the year 2013:
- in terms of discharges, a reduction by 984 tons, by 12%;
  - in terms of water consumption, a reduction by 1 250 thnd. m3, by 14%;
  - in terms of the volume of wastes, a reduction by 65 281 thnd. tons, by 14 %.

### Discharges, Water Consumption and Production Wastes of KAMAZ OJSC



At KAMAZ OJSC, there are 1841 organized sources of discharges, there are 76 unorganized sources of discharges; 489 dust and gas entrapment units. During 2014, 487 units were checked for efficiency (which makes up 99 % of the total quantity). All the dust and entrapment units are in working order and are operating within the range of their technical specifications.

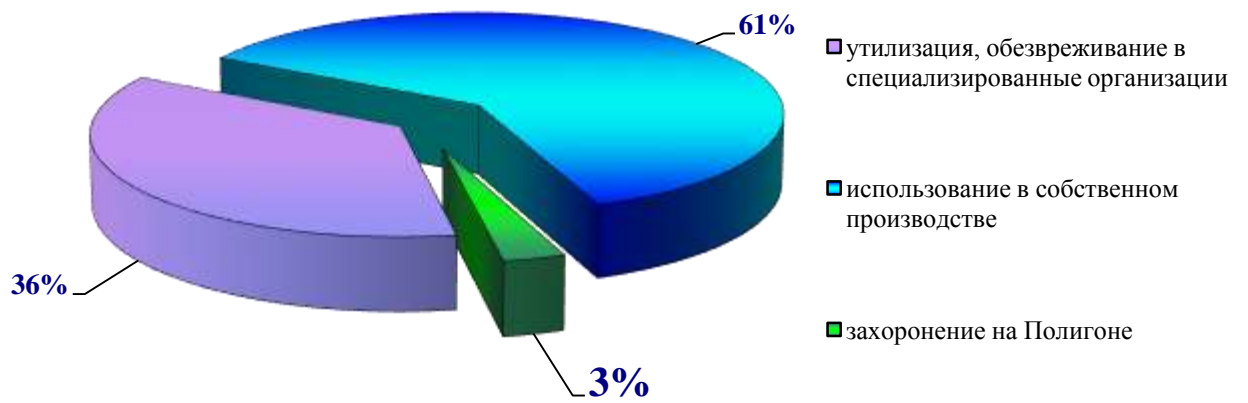
The volume of the wastes generated at KAMAZ OJSC in 2014 equals 390. 829 thnd. tons, (actual number for 2013 was 456.11 thnd. tons.), reduced volumes of wastes generated has something to do with lower output of products.

Out of the above:

- 142.61 thnd. tons was sent for utilization and decontamination (actual amount in 2013 – 252.48 thnd. tons.);
- 10.23 thnd. tons was sent for burial (actual amount in 2013- 14.9 thnd. tons);
- 237.98 thnd. tons was used in the divisions of KAMAZ OJSC – . (actual amount in 2013 – 188.73 thnd. tons).

Totally out of the quantity of the cumulative volume of wastes generated at KAMAZ OJSC, 36 % was sent for utilization, decontamination to specialist organizations (Volga Environmental Company LLC», Technology Eco LLC), 61 % is being used in in-house production, 3 % is subject to burial.

### Utilization, Burial and Use of Production Wastes at KAMAZ OJSC



7595.743 thnd. m<sup>3</sup> vof water was obtained from the networks of CHELNY WATER CANAL LLC during 2014 which is 1 256.517 thnd. m<sup>3</sup> less than in 2013 (actual figure for 2013 is 8 852.26 thnd. m<sup>3</sup>). Reduction in water consumption is due to implementation of action plans aimed at protecting water resources and rational use of water resources.

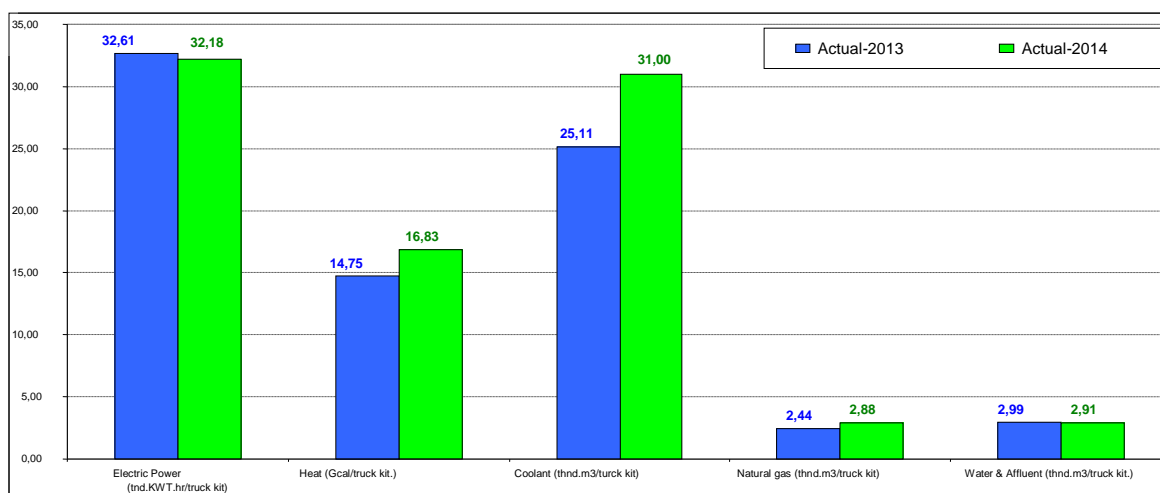
## UPDATE ON THE VOLUME OF EACH TYPE OF ENERGY RESOURCES USED BY THE COMPANY DURING THE YEAR UNDER REVIEW

### Volume of Main Types of Purchased Energy Resources Used By KAMAZ OJSC During 2014

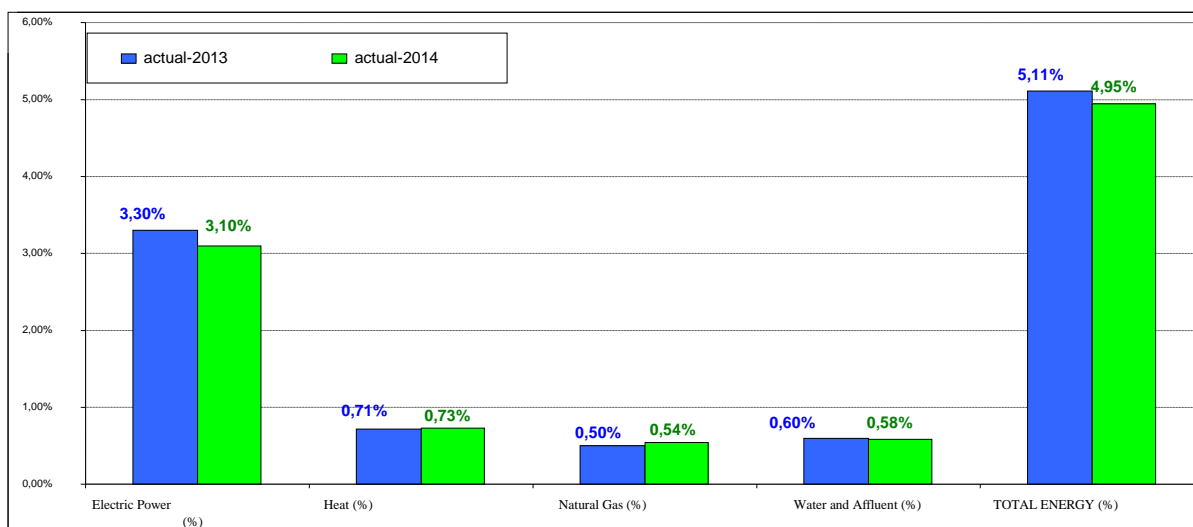
Item No.	Description of Energy Resource	Unit of Measurement	Natural Value of Physical Units	Amount of Costs w/o VAT, mn. Rbls.	Main Supplier of Energy Resources
1.	Electric Power	thnd.KWT.hr	1 331 888.639	3 255 573.133	Rusenergosbyt OJSC
2.	Heat	Gcal	703 615.675	773 723.381	Tatteplosbyt OJSC
3.	Gas Consumption	thnd.m <sup>3</sup>	118 559.967	553 939.079	Gasprommezhhreggas OJSC
4.	Water Consumption	thnd.m <sup>3</sup>	119 506.456	609 181.802	Chelny Water Canal LLC
ИТОГО:				5 192 417.395	

Other types of energy resources, apart from those shown in the table were no used during the year under review.

### Specific Consumption of Purchased Utilities at KAMAZ OJSC in 2014 Per Unit of Truck Output



### Proportion of Costs of Purchased Utilities in the Goods for Sale of KAMAZ OJSC for 2014



## 2.5. Policy in the Area of Personnel Management



*KAMAZ OJSC is a socially responsible company which is the main employer in the company city of Naberezhnye Chelny and is operating for the sake of long term interests and well-being of its employees.*

*During 2014, the human resources policy was aimed at shaping a well-knit team of professionals dedicated to carrying out the strategic plans of KAMAZ OJSC.*

**Alexander Ushenin,**  
Deputy General Director, KAMAZ OJSC,  
Personnel Management and Organizational Development

The aims in the personnel management area of KAMAZ OJSC are as follows:

- Increasing labor productivity;
- Shaping involved and competent personnel;
- Enhancing the efficiency of work organization.

2014 Results:

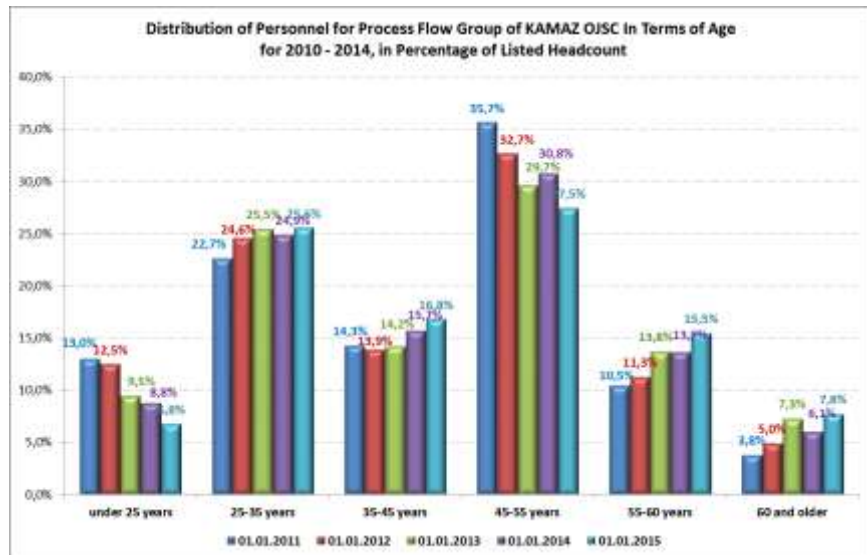
- an increase in labor productivity in value terms per 1 person amounted to 1.3 %. This increase was achieved due to reduced headcount, improving personnel's motivation and raising the efficiency of working time utilization.
- average listed headcount in 2014 for the Process Flow Group of KAMAZ OJSC amounted to 38 995 employees, which is 4.2 % lower than the level of 2013.

### Headcount Trend Development for the Process Flow Group of KAMAZ OJSC



The proportion of men in the total headcount of the personnel equals 51.7%, the proportion of women is 48.3%.

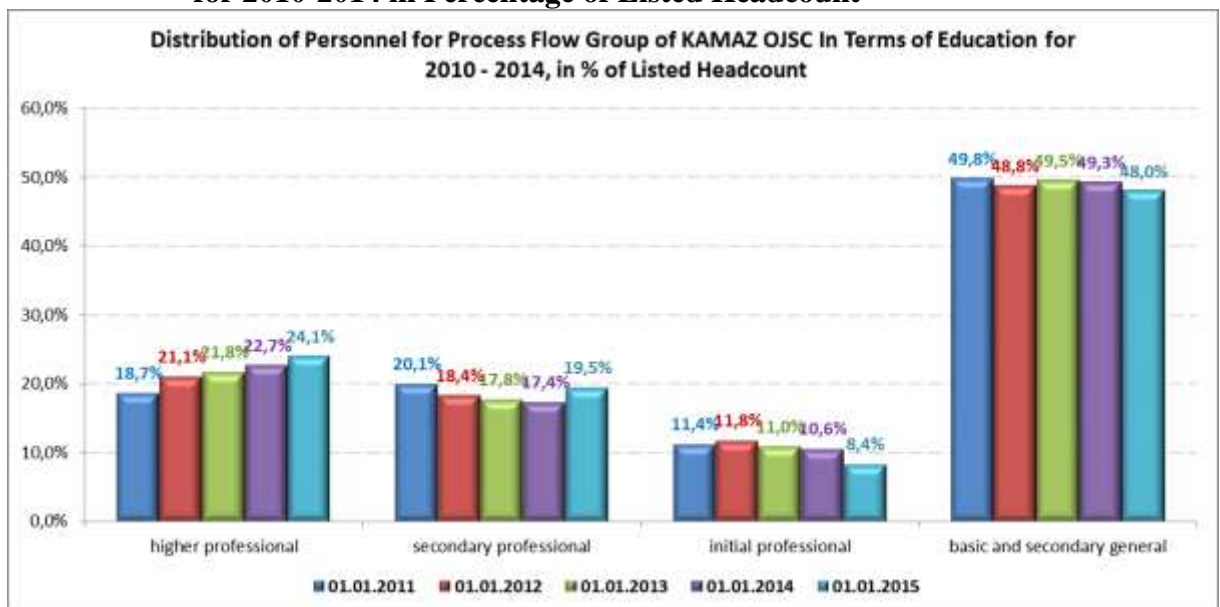
The average age of the employees is 42.93 years.



### Information About the Level of Education of Employees in the Process Flow Group of KAMAZ OJSC

During 2014, in the structure of employees distribution depending on the educational level there is a tendency observed for increased proportion of employees with higher professional education, i.e. the percentage of the employees in this category during the period from 2010 through 2014 grew by 5.4%. While as at the end of 2010, it was 18.7%, in 2014 it reached 24.1%. The proportion of employees with secondary professional education decreased by 1.8%.

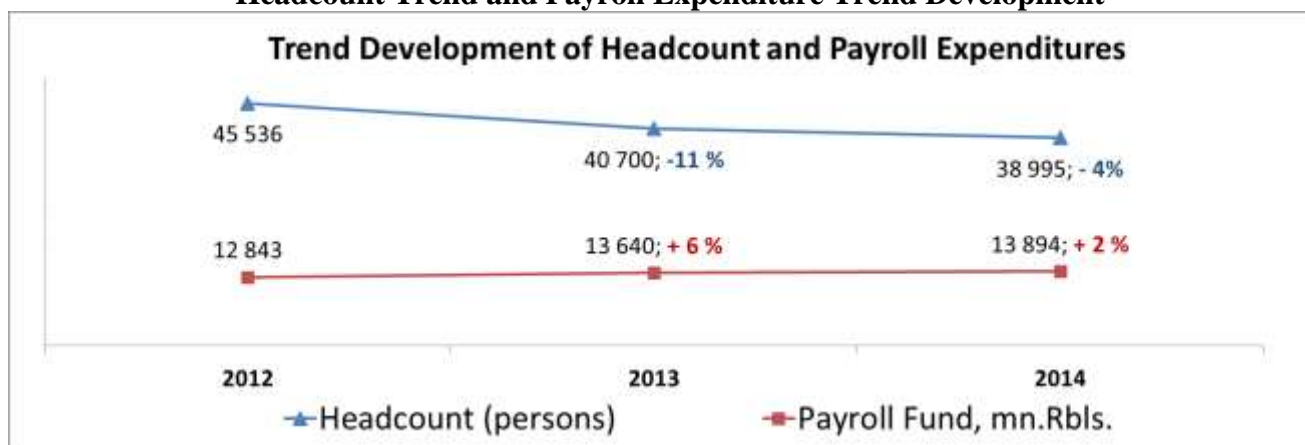
### Personnel Education Distribution for the Process Flow Group of KAMAZ OJSC for 2010-2014 in Percentage of Listed Headcount



### Personnel Expenditures

Against the background of reduction in the headcount, payroll expenses keep on rising from year to year. During 2014, payroll expenses amounted to 13 894 mn. Rbls., which is 2 % higher than the same period of the previous year.

### Headcount Trend and Payroll Expenditure Trend Development



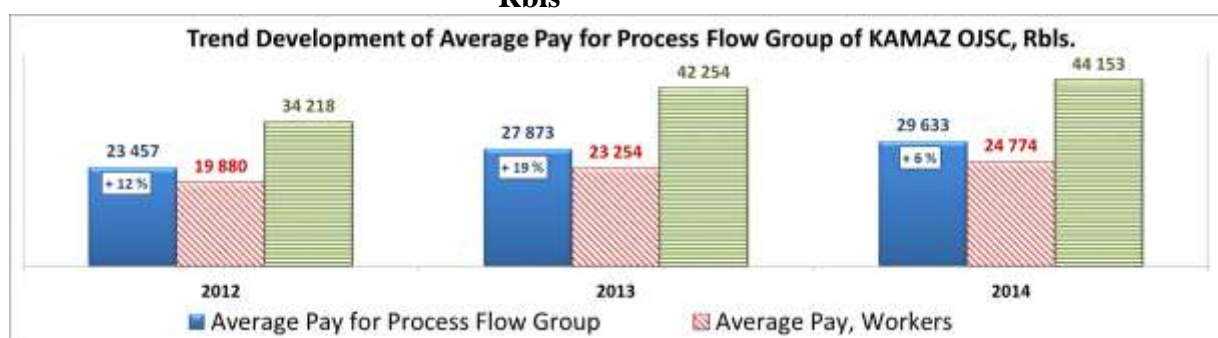
Increase in payroll expenses is caused by:

- differentiated increase in rates and basic pay effective February 2014 by an average 3%;
- material incentivization for increased efficiency of work (50% saving of payroll fund, resulting from redundancies during the period under review, was channeled towards additional incentives for the Company's employees). The material incentivization fund, during 2014, grew 1.5 times compared to the year 2013.

### Average Pay

Average pay, during 2014, amounted to 29 633 Rbls., which is 6 % higher than the level during the previous year. The level of average pay at KAMAZ OJSC is 5 % higher than the average level in the city.

### Average Pay Trend Development for the Process Flow Group of KAMAZ OJSC, Rbls



During the period under review, the average pay for workers (blue collar employees) rose by 7 %, for executives, professionals and office staff, it rose by 4 % and amounted to 24 774 Rbls. and 44 153 Rbls. respectively.

During 2014, at KAMAZ, 61 169 men/trainings were conducted.

### Distribution of Participants in Training By Categories



Under refresher training and professional training programs, 26.8 thousand employees were trained.

#### **Statistics on Employees' Professional Development During 2014**

	<b>Refresher Training (employees)</b>	<b>Re-Training (employees)</b>
<b>Executives, Professionals and Office Staff</b>	10 564 empl. (17%)	115 (0.2%)
<b>Workers</b>	15 170 empl. (25%)	968 (1.6%)
<b>Total:</b>	<b>25 734 empl. (42%)</b>	<b>1068 (1.8%)</b>

School of Management for Executives of Operating Management Level (Initial Echelon) was opened. The program consists of three modules: management of processes, management of people, personal and team efficiency (performance).

For the Company's professionals, mini-trainings on personal and team efficiency (performance) were launched, which were aimed at raising the productivity of the employees doing intellectual work, where concrete algorithms of actions were worked out. During 2014, 116 employees underwent training.

Training was continued under the Presidential Program for engineers' refresher training - 185 employees were trained.

The concept was developed on training workers, which fundamentally changes the training system. The key features are as follows: already trained workers should come to the workplaces, training should be brief and of high quality. For these purposes it was decided to set up the Multi-Functional Center for Applied Qualifications.

During 2014, active training of employees in English continued (140 employees).

In partnership with basic universities and colleges, special purpose programs of personnel training continue operating.

KAMAZ OJSC won the 2-nd place in the Republican competition of professional excellence among young workers and professionals in engineering industry specialities.

#### **Main Changes in Incentivization of Personnel Based on the 2014 Results**

During 2014, within the framework of the work aimed at developing the payroll system and work motivation system:

1. Uniform requirements, principles in the area of payroll and work incentivization at KAMAZ OJSC were established.
2. A number of terms of reference on pay were updated/cancelled for purposes of simplifying the system.
3. The Terms of Reference on pay were approved which were aimed at:

- raising motivation for professionals in sales, employees of the unit for transactions audit, foremen, employees for doing important jobs, employees involved in sales of redundant moveable property;
- reducing technological labor intensity;
- raising labor productivity;
- raising personnel’s involvement in improving processes, cutting down on losses.

**Group’s Key Indicators for 5 Years, Process Flow Group of KAMAZ OJSC**

<b>Year</b>	<b>Headcount (empl.)</b>	<b>Average Pay (Rbls/Month)</b>	<b>Labor Productivity (thnd. Rbls./employee)*</b>
<b>2010</b>	44 570	15 863	1 404
<b>2011</b>	46 019	20 918	2 050
<b>2012</b>	45 536	23 457	2 262
<b>2013</b>	40 700	27 873	2 462
<b>2014</b>	38 995	29 633	2 495
<b>* Since 2014, the volume of goods for sale has been accounted for without bonuses</b>			

## Social Policy and Social Responsibility

The Social Policy of KAMAZ OJSC is being implemented for purposes of regulating social and labor relations, improving motivation, raising productivity and quality of personnel's work, retaining and engaging highly qualified professionals, maintaining personnel's loyalty and is aimed at attaining the aims of the Company's strategic development.

In the organization, there operates the Collective Bargaining Agreement. The Agreement of 24.12.2012 extended the operation of the Collective Bargaining Agreement for 2013-2014. In 2014, work was done to develop a draft and prepare the collective bargaining agreement of KAMAZ OJSC for 2015-2016 to be signed by the contracting parties.

The social policy is being implemented with respect to the following activities: Housing, Care, Youth, Personnel's Health, Women, Parents and Children, Non-Government Pension Insurance, Cultural Work and Work In Masses.

**KAMAZ OJSC is honoring all the obligations assumed in the area of social service and insurance. Costs incurred in provision to the personnel of KAMAZ OJSC Process Flow Group of social benefits, services and guarantees pursuant to the obligations in the Collective Bargaining Agreement of KAMAZ OJSC, in 2014, amounted to 679.3 mn. Rbls., on the average, per one employee per year, approximately 16 thnd. Rubles was allocated.**

Within the framework of the "Housing" activity for the period under review, 617 employees improved their housing conditions. The amount of material aid allocated was at the level of 33.8 mn. Rbls. 325 employees were paid material aid for purchasing apartments in the secondary market, under shared participation basis construction, including use of the banks' credit facilities. To retain promising young hopefuls, there operate the terms of reference on compensation for interest under housing credit facilities, with 257 promising young hopeful employees, agreements on monthly payment were concluded (5 thnd. Rbls.). Financing continued for housing construction under the Republican program on social mortgage thanks to which 35 employees were able to improve their housing conditions. Financing social mortgage programs amounted to 84.4 mn. Rbls. KAMAZ OJSC plans to continue participation in this program in 2015 also.

Within the framework of the «Care» activity, material aid was rendered both to the corporation's employees and to the pensioners, former employees of KAMAZ OJSC who have found themselves in a difficult life situation (payment for surgery, funerals), charity action was held to mark V-Day. As part of this action, arrangements were made for 119 veterans to be put up at the clinic sanatorium «Naberezhnye Chelny». In honor of the 45-th anniversary of the day of KAMAZ construction, for purposes of encouraging the Company's non-working pensioners – Best Workers and Veterans of KAMAZ construction, trail-blazers, arrangements were made for 50 retirees to be admitted into the clinic sanatorium «Naberezhnye Chelny» for treatment and rehabilitation in October 2014. The amount of financing relating to the «Care» activity comprised 10.6 mn. Rbls.

The main objective of the «Youth» activity consists in engaging and retaining at KAMAZ OJSC young employees, providing opportunities for professional and career advancement, involving them in projects and training processes, shaping the Company's reserve of human capital, organizing leisure activities for young employees. 12 323 young employees at the age of under 35 years. In the divisions and organizations hard work is being done to develop project oriented activities, to carry out production and professional training, to focus on military and patriotic activities, tourism, cultural and entertainment activities and sports. The costs incurred in the «Youth» activity amounted to 1.6 mn. Rbls.

To reduce sickness rate and increase labor productivity «Employees' Health» was implemented, whose main components were voluntary medical insurance and compensation for canteen food costs.

One of the priority activities of social service is organization of catering. Cooked food served in cafeterias and snack bars was used by 71.3% of the headcount of KAMAZ OJSC employees showing up for work on a particular day.

Effective May 2014, a subsidy for meals for the employees who are entitled to have beneficial pension insurance against List No.1, up to 100 Rbls. per shift.

In March, after major renovation, Cafeteria No.7 was re-started up into operation at the Press and Stamping Plant. Full replacement of the equipment was made, the snack bar was expanded, its floor space was increased. Based on the results of the work done, the number of employees who were recipients of hot food and meals was increased. Major renovation of Cafeteria No.19 of Office and Service Building No.06 of the Foundries was completed. At the moment, trading and process equipment, food dispensing counter and dish washing equipment are in the process of being replaced.

Tender procedure of purchasing the services relating to organization of catering for employees of KAMAZ OJSC was conducted. In December 2014, in the cafeterias of the Research and Development Center and KAMAZ Energo LLC a new supplier of services started operating.

The total amount of costs for the period under review incurred in providing free meals for the employees entitled to have beneficial pension insurance against List No.1, as well as dedicated cash compensation to employees for meals comprised 226.4 mn. Rbls, the costs incurred in paying for the services provided by the supplier of catering (fixed fee) amounted to 7.5 mn. Rbls.

Under the Agreement on Voluntary Medical Insurance, arrangements were made for rehabilitation and recuperation as well as preventive treatment of KAMAZ OJSC employees at the clinic sanatorium «Naberezhnye Chelny» of the subsidiary KAMAZzhilbyt LLC. During 2014, sanatorium treatment was provided to 2 081 employees. To prevent onset of occupational diseases of breathing and hearing organs, 199 employees underwent a course of treatment within the framework of special purpose admissions to the clinic sanatorium «Naberezhnye Chelny». Provision of qualified medical and sanitary help to employees at medical and first aid stations on production premises was organized. The total amount of financing the recreation, treatment and provision of medical aid, including costs of voluntary medical insurance to employees who are working under employment contracts equaled 160.1 mn. Rbls.

Using the monies allocated by the Social Insurance Fund of the Russian Federation for sanatorium and resort treatment in the amount of 5.3 mn. Rbls, arrangements were made for 190 employees, engaged in the work with hazardous and (or) dangerous production factors to be admitted to the sanatoria «Zhemchuzhina», «Uva», «Varzi-Yanchi».

Social guarantees and benefits for women are stipulated by the Collective Bargaining Agreement in the «Women» sub-section: they are granted various vacations, material aid is extended towards paying for their meals to pregnant women, the Company as the employer provides additional cash reimbursement to mothers for them to take care of their children at the age between 1.5 and 3 years. The amount of funding the obligations to support women employees of KAMAZ OJSC for the period under review totaled up approximately 23.1 mn. Rbls.

Within the framework of the «Parents and Children» activity, in 2014, recreation was arranged for 1545 children of the employees at children's health camps «Sunny», «Winged» of the health facility «Saulyk» (Health, in Tatar) during the period of their summer and winter holidays. The amount of funding children's recreation totaled up to approximately 21.2 mn. Rbls. In addition to the funds allocated from the Social Package for children's recreation in

summer, out of the Republican budget, 7.23 mn. Rbls. was transferred to KAMAZ zhilbyt LLC as co-financing the expenses incurred in organization of recreation, health improvement, employment for children. As a result of that, the cost of one voucher (holiday ticket) during the summer period decreased by 5783.4 Rbls. Due to this, unexpended cash remained which enabled additional 441 holiday tickets to be purchased for the period of summer and winter holidays.

2.8 mn. Rubles was earmarked towards spending on corporate (Company sponsored) New Year's gifts for the children of KAMAZ OJSC employees, as a result of which 16300 gifts were bought.

KAMAZ OJSC provides opportunities of taking care of one's tomorrow – for increasing the employees' social protection upon their reaching the retirement age, the program of non-government pension insurance is being implemented. More than 8500 persons are recipients of additional «KAMAZ's» pension whose amount is approximately 4000 Rbls. Transfers of pension contributions by KAMAZ OJSC to the First Industrial Alliance *Non-government Pension Fund* were completed 100% and amounted to 131.9 mn. Rbls.

To hold cultural and mass events as well as sporting and health events, to disburse remunerations to employees for special achievements in professional activities and for the upkeep of recreation and weekend centers, the employer (the Company) transferred 28.5 mn. Rbls. During the past year, the employees of KAMAZ were given the opportunity of attending concerts and recitals staged by the Chamber Orchestra conducted by Igor Lerman, to watch the best plays staged by the Kazan Theaters named after Kamal and Kachalov. KAMAZ employees took an active part in cultural and sporting events organized by the Company, the city and the Republic. Apart from that, the employees who conscientiously discharged their work responsibilities, had a chance of «rooting» for national teams at the XI-th Winter Para-Olympic Games in Sochi, KAMAZ paid for the travel expenses for 10 employees, i.e. 146.4 thnd. Rbls.

## Charity

**KAMAZ OJSC, as a socially responsible company, supports a number of cultural, sporting, comprehensive educational, enlightenment schemes of Federal, regional and municipal importance.**

In order to maintain social stability in the local community, during 2014, free of charge and charity aid was provided to organize and hold events in the sphere of education, culture, sports, spiritual development of human personality. KAMAZ has customarily participated in organizing and holding all-city holidays “Sabantuy” (Tatar National Fair marking the end of the sowing season) and «New Year's Chelny». As part of charity activities, job orientation work and tutelage were carried out. In the charity campaign «Help Them Get Ready for School» more than 6.3 thnd. first graders in the city received proprietary brief-cases with the logo of KAMAZ OJSC.

In 2014, the following continued:

- rendering charity aid jointly with the Chamber Orchestra conducted by Igor Lerman and the Federation of Judo of the Republic of Tatarstan;
- free-of-charge hand-over of New Year's gifts for handicapped children diagnosed with children's cerebral paralysis (palsy) and for children from families with many children and socially vulnerable families.

For the first time, free-of-charge aid was contributed towards purchasing coupons for non-working pensioners – former employees of KAMAZ OJSC to travel to their gardens and vegetable gardens on the plots of land out of the city during the period between May and September 2014. Charity aid was provided towards buying furniture for the government treasury owned educational institution for orphans and children left without their parents' protection, to special (correctional) orphanage «Unity», city of Togliatti. Charity funds were

remitted for the purpose of assisting in the activities aimed at developing the Kama Innovation Territorial Production Cluster.

The total amount of financing charitable and free-of-charge activities comprised 53.4 mn. Rubles.

During 2014, cooperation continued with the Troops Unit of the Missile Division based in the city of Yoshkar-Ola, with respect to dedicated call-up of young men from KAMAZ OJSC and graduates of the educational institutions with training specific to KAMAZ OJSC for military service to be done by them in this particular unit. In the territory of the troops unit, performances are organized by KAMAZ's artists who demonstrate their talents in performing arts as well as meetings are arranged for the servicemen with their parents who are employees of KAMAZ.

With the aim of providing help to the children of refugees from the South Eastern part of the Ukraine, within the framework of donating charity aid, in August, 150 satchels for school were given to children for them to prepare for the new academic year.

### **Sponsorship**

The priority aim of the Company's sponsorship is to raise awareness of the target audiences of the Company's activities as producer of trucks.

During 2014, KAMAZ OJSC allocated sponsorship for the following major projects: the holding of St.Petersburg International Economic Forum-2014, participation in the expedition of the Russian Geography Society «Reliable Vehicles. People of Iron» as well as sponsorship was provided to the book by R. Kirchmayer «Techniques in International Financings».

KAMAZ OJSC does not render sponsorship aid to political parties, organizations or movements, politicians and officials from the political parties or persons related to them.

After receipt of sponsorship aid, the sponsored party is to provide a report to prove dedicated use of the sponsorship aid, with the information of the sponsorship aid rendered being disclosed in public sources of the Internet, mass media, posted on information billboards, etc.

## DEVELOPMENT PROSPECTS

### Development Strategy

#### Strategic Development Program of KAMAZ OJSC for the Period Until 2020

The business of KAMAZ OJSC is intimately connected with socio-economic processes which are underway in Russia and all over the world.

The slow-down in the development of the Russian economy, growing uncertainty in the world markets, aggravation of the geopolitical situation required changing the existing development strategy of KAMAZ OJSC.

The updating of the strategy was done during the second half of the year 2014 and took into consideration the new scenarios for change in the macroeconomic and market situation, options in implementation of the reengineering phases, opportunities of raising investment resources and other pivotal factors.

The updated strategic development program was approved by the Board of Directors of KAMAZ OJSC on December 24-th 2014. The public version of the strategy was posted on the web site of KAMAZ OJSC.

While keeping the priorities and paths of strategic development unchanged, the Company updated the action plans and parameters of the strategic targets, ensuring necessary sustainability of the business and dynamism of development.

<b>Strategic Aims of KAMAZ OJSC for the Period Until the Year 2020</b>	
<b>Sales Volumes of Vehicles</b>	<b>60 – 70 thnd. units</b>
<b>Proportion of Sales Abroad</b>	<b>20 – 30 %</b>
<b>Revenues <sup>1</sup></b>	<b>230 – 270 bn. Rbls.</b>
<b>EBITDA, % of Revenue</b>	<b>8 – 10 %</b>
<b>Investments <sup>2</sup></b>	<b>60 – 80 bn. Rbls.</b>

<sup>1</sup> Annual Financial Indicators per IFRS

<sup>2</sup> Cumulative Volume of Investments for 2014 - 2020, depending on implementation of the reengineering phases

### **Mission Statement of KAMAZ OJSC**

- KAMAZ, built by the whole country, is the mainstay of transport security and an asset of Russia.
- Anticipating the needs, we supply vehicles and proprietary service, helping customers achieve inspiring goals.
- KAMAZ is a socially responsible partner, acting for the sake of shareholders' long term interests and the employees' well-being.

### **Strategic Priorities:**

- The key market is Russia, dominance in the markets of the CIS countries, a presence in attractive markets of the countries of Euroasia, Africa and South America;
- Positioning in the medium price segment;
- Integration into global automobile industry.

### **Vision:**

KAMAZ is the national industry leader, a major player in partnership with Daimler.

## Targets for The Year 2015

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### 1. Financial Targets:

- Revenue – 122.9 bn. Rbls.;
- EBITDA – 3.97 bn. Rbls.;
- Net Profit – 1.06 bn. Rbls.;
- EBITDA Margin – 3.2%;
- Net profit Margin – 0.9%.

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### 2. Market Targets:

- Truck Sales – 41 thnd.units;
- Truck Sales in the Russian Market– 34 thnd.units;
- Export Truck Sales – 7 thnd. units;
- Spare Parts Sales – 11.7 bn. Rbls.;
- Bus Sales – 650 units;
- Trailer/Semi-Trailer Sales – 4.4 thnd. units;
- Sales of Diversification Products – 7.3 bn. Rbls.

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### 3. Cost Optimization Targets:

- Reduction in Direct material Costs by 2.0 bn. Rbls.;
- Reduction in Utilities Costs – 0.4 bn. Rbls.;
- Reduction in Overheads – 2.5 bn. Rbls.;
- Total Reduction – 4.9 bn. Rbls.

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### 4. Research and Development Targets:

- Accomplishing project work aimed at creating a new engine which is KAMAZ Inline 6 Cylinder Engine (Tibet Project) and the New Cab;
- Industrialization of the New Generation Trucks of Transport Heavy Duty Family;
- Expanding the Model Line of Trucks and Buses, Working Off Gas Fuel.

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<sup>1</sup>As per the Business Plan of KAMAZ OJSC for 2015 approved by the Board of Directors of KAMAZ OJSC dated December 24-th 2014.

Target indicators may be updated during 2015.

## 5. CORPORATE GOVERNANCE SYSTEM OF KAMAZ OJSC



*KAMAZ OJSC is continuously refining and honing its corporate governance system on the basis of the requirements of the Russian law, the recommendations of the Corporate Governance Code, the Business Ethics Code, the principles of informational openness and professionalism.*

**Zhanna Khaliullina**

Deputy General Director, KAMAZ OJSC  
- Corporate Director

Given the importance of corporate governance as the basic factor of investor appeal, KAMAZ OJSC is aspiring to continuously improve. The corporate governance system is structured on the basis of the requirements of the Russian law. The Company has been moving ahead with implementation of the recommendations of the Corporate Governance Code approved by the Government of the Russian Federation in 2014.

### Strategic Priorities in Corporate Governance

Protection of Shareholders' Rights and Legitimate Interests

Increasing the Company's Informational Openness

Unconditional Compliance with the Requirements of the Law of the Russian Federation

### Key Principles of Corporate Governance

#### FAIRNESS

Protecting and Insuring Shareholders' Rights; Insuring Equal Treatment of All The Shareholders

#### TRANSPARENCY

Timeliness of Disclosure of True Information About Essential Facts Relating To the Company's Activities; Free Access To Such Information

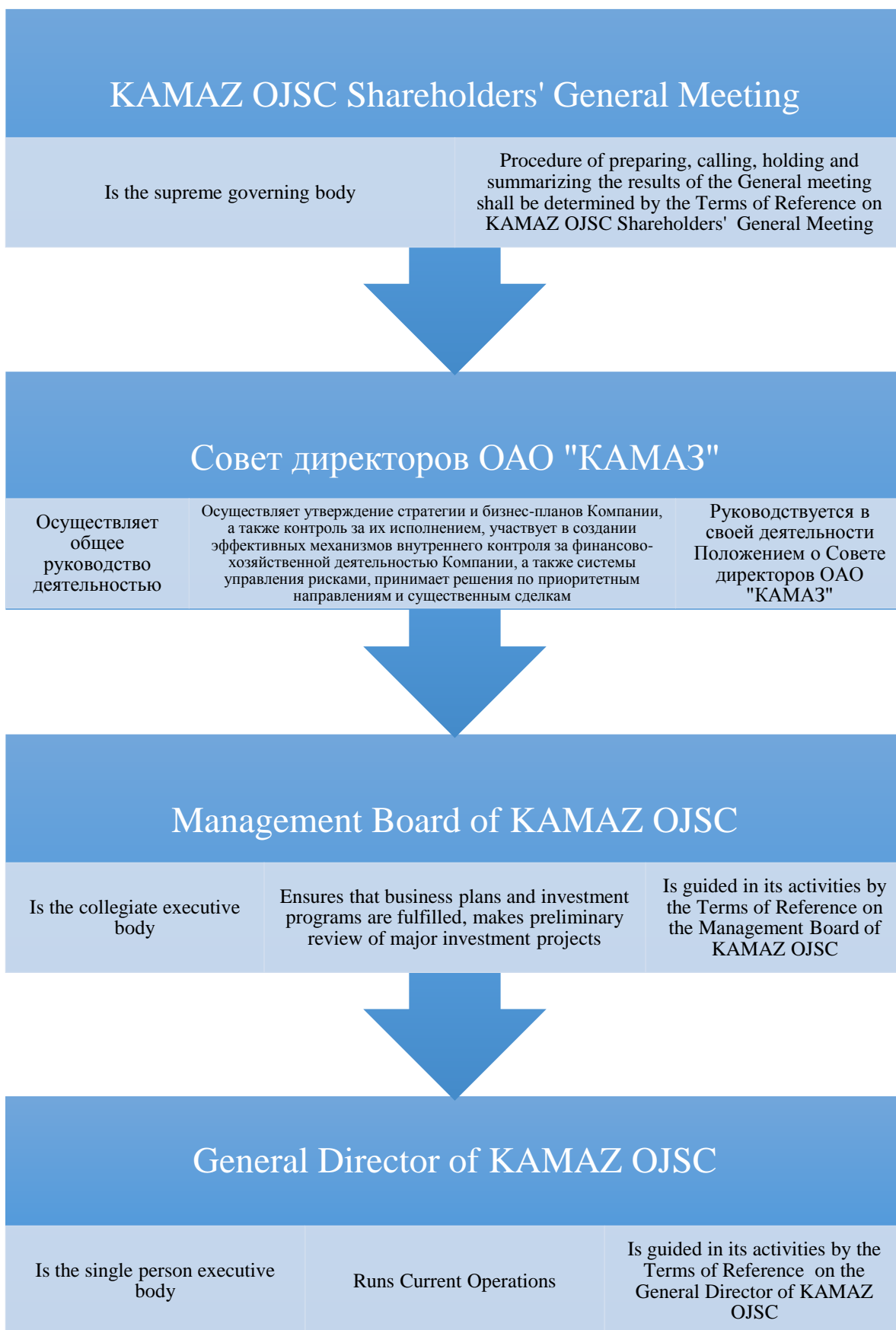
#### RESPONSIBILITY

Recognition of Rights of All the Interested Parties, Foreseen By Existing Law

#### ACCOUNTABILITY

Accountability of the Board of Directors to the General Meeting, executive bodies to the Board of Directors; Control over the Company's Financial and Business Activities.

## The Company's Governing Bodies

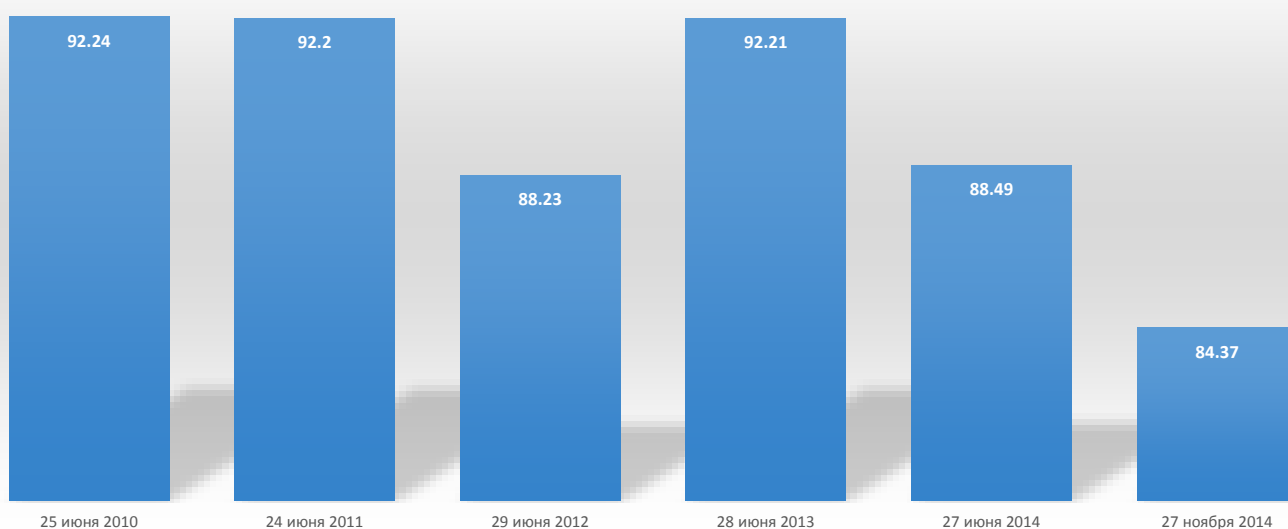


## KAMAZ OJSC Shareholders' General Meeting

The shareholders in KAMAZ OJSC, being owners of shares, participate in the running of the Company by passing decisions at the Shareholders' General Meeting.

The Company ensures organization of the Shareholders' General Meetings such that unburdensome access to all the shareholders is provided to them. Special attention is given to the possibility for the shareholders who are employees of KAMAZ OJSC to take part in the General Meetings. Quorum of the Company Shareholders' General Meetings is steadily high.

Quorum of Shareholders' General Meetings



The procedure of convening, preparing, holding, summing up the results of the Company Shareholders' General Meetings are regulated by the Charter of KAMAZ OJSC and the Terms of Reference on KAMAZ OJSC Shareholders' General Meeting, approved by resolution of the Shareholders' Annual General Meeting dated June 27-th 2014 (Minutes No. 36). These documents can be perused at the official web site of the Company in the section «To Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/information-disclosure/charter-and-internal-documents/>; <http://www.kamaz.ru/investors-and-shareholders/information-disclosure/new-edition>).

Referred to the competence of the Shareholders' General Meeting are the matters bearing on the activities of the Company pursuant to the law of the Russian Federation and Clause 9.20 of the Charter of KAMAZ OJSC.

During 2014, two Shareholders' General Meetings were held:

### KAMAZ OJSC Shareholders' Annual General Meeting

### KAMAZ OJSC Shareholders' Special General Meeting

Called at the initiative of the Board of Directors

Form of Holding the General Meeting:  
**Meeting**

Form of Holding the General Meeting:  
**Absentee Vote**

Date of Holding the General Meeting: <b>June 27-th 2014</b>	Date of Holding the General Meeting: <b>November 27-th 2014</b>
Minutes No. 36 prepared on June 30-th 2014	Minutes No. 37 prepared on November 28-th 2014
<p>Matters Considered:</p> <ol style="list-style-type: none"> <li>1. Approval of the Annual Report of KAMAZ OJSC for the Year 2013.</li> <li>2. Approval of the Annual Accounts Including the Accounts of Profits and Losses (Statements of Profits and Losses) of KAMAZ OJSC for the Year 2013.</li> <li>3. Approval of Profit Distribution of KAMAZ OJSC Based on the Performance Results for the Year 2013.</li> <li>4. Regarding the Amount, Time Frame and Form of Paying Dividends Based on the Performance Results for the Year 2013.</li> <li>5. Regarding Approval of the Terms of Reference on the Procedure of Paying Dividends of KAMAZ Open Joint Stock Company for the Year 2013.</li> <li>6. Regarding Payment of Remunerations for Service on the Board of Directors of KAMAZ OJSC to the Members of the Board of Directors of KAMAZ OJSC.</li> <li>7. Regarding Payment of Remunerations and Compensations to the Members of the Auditing Board of KAMAZ OJSC.</li> <li>8. Election of the Members of the Board of Directors of KAMAZ OJSC.</li> <li>9. Election of the Members of the Auditing Board of KAMAZ OJSC.</li> <li>10. Regarding the Transaction Involving Liability Insurance of the Members of the Board of Directors of KAMAZ OJSC, the Members of the Management Board of KAMAZ OJSC and the General Director of KAMAZ OJSC Which Is an Interested Party Transaction.</li> <li>11. Approval of the Auditors of KAMAZ OJSC.</li> <li>12. Regarding the Approval of the Charter of KAMAZ OJSC in the New Edition.</li> <li>13. Regarding the Approval of the Terms of Reference on KAMAZ OJSC Shareholders' General Meeting in the New Edition</li> <li>14. Regarding the Approval of the Terms of Reference on the Board of Directors of</li> </ol>	<p>Matters Considered:</p> <ol style="list-style-type: none"> <li>1-9. Regarding the Approval of the Conclusion of the Agreements on the Granting of the State Guarantee of the Russian Federation as Security for Performance of the Obligations Relating To Issue of Exchange Tradable Bonds Series BO-07, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15 the Finance Ministry of the Russian Federation, Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) and KAMAZ OJSC, Which Is Interested Party Transaction pursuant to Clause 9.20.15 of the Charter of KAMAZ OJSC.</li> <li>10. Regarding the Approval of the Conclusion of the Agreement on Granting the State Guarantee of the Russian Federation for the Credit Facility To Be Raised by KAMAZ OJSC into Bank VTB OJSC Between the Finance Ministry of the Russian Federation, Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank), Bank VTB OJSC and KAMAZ OJSC Which Are Interested Party Transactions, Pursuant To Clause 9.20.15 of the Charter of KAMAZ OJSC».</li> <li>11. Regarding the Approval of the Transaction Involving the Raising By KAMAZ OJSC of the Credit Facility by KAMAZ OJSC Backed Up by State Guarantee of the Russian Federation, Being Granted by Bank VTB OJSC, Which Is an Interested Party Transaction Pursuant To Clause 9.20.15 of the Charter of KAMAZ OJSC.</li> <li>12. Regarding the Approval of Addendum No, 9 to Agreement on Pledge of Movable Property dated August 30-th 2011 No. 110200/1103-Д3/2 Between Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) and KAMAZ OJSC Which Is an Interested Party Transaction,</li> </ol>

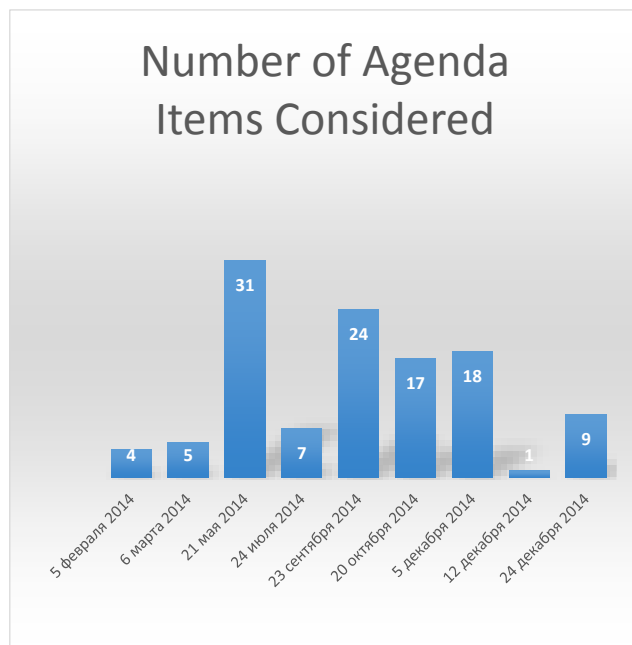
<p>KAMAZ OJSC in the New Edition.</p> <p>15. Regarding the Approval of the Terms of Reference on the Management Board of KAMAZ OJSC in the New Edition.</p> <p>16. Regarding the Approval of the Terms of Reference on the General Director of KAMAZ OJSC in the New Edition.</p> <p>17. Regarding the Approval of Addendum No. 6 to the Pledge Agreement Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank), Which Is an Interested Party Transaction.</p> <p>18. Regarding Approval of Addendum No. 7 to the Agreement on the Pledge of Movable Property dated August 30-th 2011 No. 110200/1103-Д3/2 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) Which Is an Interested Party Transaction pursuant to Clause 9.20.15 of the Company's Charter.</p> <p>19. Regarding the Approval of Addendum No. 4 to Credit Agreement dated December 31-st 2010 No. 110100/1103 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) Which Is an Interested Party Transaction pursuant to Clause 9.20.15 of the Company's Charter.</p> <p>20. Regarding the Approval of Addendum No. 8 to Agreement on the Pledge of Movable Property dated August 30-th 2011 No. 110200/1103-Д3/2 and Addendum No. 2 to Agreement on the Pledge of Movable Property dated May 13-th 2011 No. 110200/1103-Д3 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) Which Is an Interested Party Transaction pursuant to Clause 9.20.15 of the Company's Charter.</p>	<p>Pursuant to Clause 9.20.15 of the Charter of KAMAZ OJSC.</p>
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The materials relating to the Shareholders' General Meetings and the voting results can be perused at the Company's official web site in the section «To Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/shareholders/meeting-of-shareholders/27-iyunya-2014-goda-godovoe-obshchee-sobranie-aktsionerov/>; <http://www.kamaz.ru/investors-and-shareholders/shareholders/meeting-of-shareholders/27-noyabrya-2014-goda-vneocherednogo-obshchego-sobraniya-aktsionerov/>).

### **The Board of Directors of KAMAZ OJSC**

The professional Board of Directors is the key element of the corporate governance system which carries out strategic management and exercises control over the operation of the executive bodies.

The status, the procedure of forming and constituting and competence of the Board of Directors, the rationale and scope of responsibility of its members, the procedure of convening and holding the meetings of the Board of Directors, the procedure of passing and executing its decisions are regulated by the Charter of KAMAZ OJSC and the Terms of Reference on the Board of Directors of KAMAZ OJSC



approved by the decision adopted by the Shareholders' Annual General Meeting dated June 27-th 2014 (Minutes No. 36). The above documents can be perused at the Company's official web site in the section «To Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/information-disclosure/charter-and-internal-documents/>; <http://www.kamaz.ru/investors-and-shareholders/information-disclosure/new-edition>).

Referred to the competence of the Board of Directors are the issues as per the law of the Russian Federation and Clause 10.2 of the Charter of KAMAZ OJSC.

Meetings of the Board of Directors are held as necessary, however no rarer than once every 6 weeks. The Board of Directors' Work Plan is approved annually, as a rule, in September. The Work Plan includes the key issues relating to the Company's activities as per business planning and requirements of the law. Determination of the dates, the place, the time and the forms is made by the Chairman of the Board of Directors including consideration given to ensuring participation in the meetings of all the members of the Board of Directors. Quorum of the meetings/absentee votes by the Board of Directors is steadily high. As a rule, all the members of the Board of Directors take part in the meetings, absentee votes of the Board of Directors.

Meetings of the Board of Directors take place in the City of Moscow. Each meeting considers the issues relating to performance of the Company's Business Plan. The issues relating to appointment of executive bodies, remunerations, internal audit, performance of the Business Plan and others are reviewed by ad hoc committees of the Board of Directors: Human

Resources and Remunerations Committee of the Board of Directors, the Budget and Audit Committee of the Board of Directors.

During 2014, 4 meetings and 5 absentee votes of the Board of Directors were held which reviewed 116 agenda items.

The most essential issues considered by the Board of Directors during 2014, were as follows:

- Regarding Performance of the Business Plan of KAMAZ OJSC Group of Organizations.
- Regarding the Appointment of the General Director of KAMAZ OJSC.
- Regarding Fulfillment of the Measures Aimed At Reducing Compliance Risks.
- Consideration of the Development of Hot Metal Divisions of KAMAZ OJSC.
- Regarding Action Plan Aimed At Improving Corporate Governance of KAMAZ OJSC.
- Regarding Passage of the Decision To Place Exchange Tradable Bonds Series BO-07, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15.
- Regarding the Calling of the Shareholders' General Special Meeting on November 27-th 2014 on the Issues Relating To Approval of the Conclusion of the Agreements on the Granting of State Guarantees of the Russian Federation As Security Of Performance of the Obligations In Respect of the Issue of Exchange Tradable Bonds Series BO-07, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15 Between the Finance Ministry of the Russian Federation, Bank for Development and Foreign Economic Activities *State Corporation* (Vnesheconombank) and KAMAZ OJSC Which Is an Interested Party Transaction Pursuant To Clause 9.20.15 of the Charter of KAMAZ OJSC.
- Regarding the Updating of the Strategic Development Program of KAMAZ OJSC for the Period Until the Year 2020.
- Regarding Organization and the Functioning of the Risk Management System.

### **Liability Insurance**

The Company insures the liability of the members of the Board of Directors and executive bodies. Insurance allows the Company's possible financial risks to be reduced when unfavorable consequences set in as a result of unpremeditated erroneous actions by officers in the process of carrying out management activities by them.

Between July 24-th 2013 and July 23-th 2014, an agreement with the insurance company Alliance OJSC was in effect. The cumulative cap on responsibility under the agreement amounted to 10 000 000 US Dollars (\$) with the coverage territory to be the whole world.

Between July 24-th 2014 and July 23-rd 2015, an agreement with the insurance company NASCO OJSC has been in effect on similar terms and conditions.

The insurance transaction is subject to approval by the Shareholders' General Meeting as interested party transaction for all members of the Board of Directors.

As at December 31-st 2014, the Company's Board of Directors consisted of the Chairman (Non-Executive Director), one Executive Director, 7 Non-Executive Directors, 2 Independent Directors. The quantitative makeup of the Board of Directors conforms most optimally to the aims and tasks of the Company.

### **Composition of the Board of Directors:**

From June 29-th 2013 through June 27-th 2014, the following composition of the Board of Directors was in

- Mikhail Yakovlevich Broitman;
- Ruben Karlenovich Vardanyan;

operation which had been elected by the decision passed by the Shareholders' Annual General Meeting dated June 28-th 2013 (Minutes No. 35):

- Matthias Gründler;
- Vladimir Alexandrovich Dmitriev;
- Igor Nikolaevich Zavyalov;
- Sergey Anatolievich Kogogin;
- Gumer Khasanzanovich Nuretdinov;
- Ilkka Seppo Salonen;
- Sergey Victorovich Skvortsov;
- Ildar Shafkatovich Khalikov;
- Sergey Victorovich Chemezov.

From June 28-th 2014 through June 26-th 2015, the following composition of the Board of Directors was in operation which had been elected by the decision passed by the Shareholders' Annual General Meeting dated June 27-th 2014 (Minutes No. 36):

- Mikhail Yakovlevich Broitman;
- Ruben Karlenovich Vardanyan;
- Vladimir Alexandrovich Dmitriev;
- Igor Nikolaevich Zavyalov;
- Sergey Anatolievich Kogogin;
- Gumer Khasanzanovich Nuretdinov;
- Sergey Victorovich Skvortsov;
- Arvid Tuerkner;
- Ildar Shafkatovich Khalikov;
- Sergey Victorovich Chemezov;
- Gerald Jank.



#### SERGEY VICTOROVICH CHEMEZOV

Chairman of the Board of Directors,  
Non-Executive Director

Year of Birth: 1952

Education: Irkutsk Institute of National Economy

Main Place of Employment: General Director, Rostech State Corporation for Assisting In Development, Production and Export of High Technology Industrial Products

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated October 29-th 2004

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**MIKHAIL YAKOVLEVICH BROITMAN**

Chairman of the Budget and Audit Committee of the Board of Directors  
Independent Director

Year of Birth: 1967

Education: Moscow Institute of Railway Transport Engineers

Main Place of Employment: General Director of VARDANYAN, BROITMAN & PARTNERS LLC

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated March 11-th 2009

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**RUBEN KARLENOVICH VARDANYAN**

Non-Executive Director

Year of Birth: 1968

Education: M.V. Lomonosov Moscow State University

Main Place of Employment: Managing Director of Sberbank KIB CJSC. As at May 21-st 2015, the main place of employment: President of VARDANYAN, BROITMAN & PARTNERS LLC.

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated March 11-th 2009

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**MATTHIAS GRÜNDLER**

Non-Executive Director

Year of Birth: 1965

Education: Institute of Knowledge Transfer, Stuttgart; Business Economist (IFW)

Main Place of Employment: Finance Director, Daimler Trucks and Buses

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated June 28-th 2013

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**VLADIMIR ALEXANDROVICH DMITRIEV**

Member of the Human Resources and Remuneration Committee of the Board of Directors,  
Non-Executive Director

Year of Birth: 1953

Education: Moscow Institute of Finance

Main Place of Employment: Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) *State Corporation*

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated June 25-th 2010

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**IGOR NIKOLAEVICH ZAVYALOV**

Non-Executive Director

Year of Birth: 1960

Education: S. Ordzhonikidze Moscow Aircraft Institute

Main Place of Employment: Deputy General Director, Deputy General Director, Rostech State Corporation for Assisting In Development, Production and Export of High Technology Industrial Products

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated January 17-th 2003

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**SERGEY ANATOLIEVICH KOGOGIN**

Executive Director

Year of Birth: 1957

Education: Kazan State University

Main Place of Employment: General Director, KAMAZ OJSC

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated June 20-th 1999

Participation interest in the Company's Charter Capital and percentage of shares owned: 0.0028%

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**GUMER KHASANZANOVICH NURETDINOV**

Member of the Budget and Audit Committee of the Board of Directors,  
Non-Executive Director

Year of Birth: 1945

Education: Kazan Institute of Chemistry and Technology

Main Place of Employment: Advisor to General Director of KAMAZ OJSC

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated February 15-th 1991

Participation interest in the Company's Charter Capital and percentage of shares owned: 0.0026%

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**ILKKA SEPPO SALONEN**

Member of the Budget and Audit Committee of the Board of Directors,  
Independent Director

Year of Birth: 1955

Education: University of Helsinki

Main Place of Employment: Chairman of the Board, BANK URALSIB OJSC

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated June 25-th 2010

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**SERGEY VICTOROVICH SKVORTSOV**

Member the Human Resources and Remunerations Committee of the Board of Directors,  
Non-Executive Director

Year of Birth: 1964

Education: Moscow State Institute of Foreign Relations

Main Place of Employment: Deputy General Director, Deputy General Director, Rostech State Corporation for Assisting In Development, Production and Export of High Technology Industrial Products

Elected to the Company's Board of Directors for the first time by the resolution of the Shareholders' General Meeting dated June 09-th 2006

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none



**ARVID TUERKNER**

Member of the Budget and Audit Committee of the Board of Directors,  
Independent Director

Year of Birth: 1971

Education: Free University of Berlin

Main Place of Employment: Director for Regional Development, Russia,  
European Bank for Reconstruction and Development

Elected to the Company's Board of Directors for the first time by the  
resolution of the Shareholders' General Meeting dated June 27-th 2014

Participation interest in the Company's Charter Capital and percentage  
of shares owned: none

Transactions involving acquisition/alienation of the Company's shares  
in 2014: none



**ILDAR SHAFKATOVICH KHALIKOV**

Chairman of the Human Resources and Remunerations Committee of  
the Board of Directors,  
Non-Executive Director

Year of Birth: 1967

Education: Kazan State University

Main Place of Employment: Prime Minister of the Republic of Tatarstan

Elected to the Company's Board of Directors for the first time by the  
resolution of the Shareholders' General Meeting dated May 28-th 2004

Participation interest in the Company's Charter Capital and percentage  
of shares owned: none

Transactions involving acquisition/alienation of the Company's shares  
in 2014: none



**GERLD JANK**

Non-Executive Director

Year of Birth: 1961

Education: Technical University, Vienna

Main Place of Employment: Vice President, Business Development,  
Trucks, Russia, Daimler AG

Elected to the Company's Board of Directors for the first time by the  
resolution of the Shareholders' General Meeting dated June 27-th 2014

Participation interest in the Company's Charter Capital and percentage  
of shares owned: none

Transactions involving acquisition/alienation of the Company's shares  
in 2014: none

### **The role of the Chairman of the Board of Directors:**

Under the Terms of Reference on the Board of Directors of KAMAZ OJSC, the Chairman of the Board of Directors:

- organizes the operation of the Board of Directors;
- convenes meetings of the Board of Directors or organizes absentee voting;
- presides over the meetings of the Board of Directors;
- organizes the keeping of the minutes of the meeting of the Board of Directors;
- performs other functions, foreseen by the law and the Company's Charter.

During 2014, the Chairman of the Board of Directors was Sergey Victorovich Chemezov, General Director, Rostech State Corporation for Assisting in Development, Production and Export of High Technology Industrial Products.

The Charter of the Company and the Terms of Reference on the Company's Board of Directors, on a significant number of issues, allow passage of resolutions given existence of simple majority of votes of the members of the Board of Directors. At the same time, the Chairman of the Board of Directors, when agenda items are discussed, takes into consideration the opinion of each member of the Board of Directors and takes measures aimed at making sure that on all the agenda items unanimity is achieved.

### **Independent Directors:**

All the independent directors correspond to the following independence criteria:

- unrelated to the issuer;
- unrelated to the issuer's major shareholder;
- unrelated to the issuer's significant contracting partner;
- unrelated to the issuer's competitor;
- unrelated to the public authorities (Russian Federation, subject of the Russian Federation or municipal entity).

The Human Resources and Remunerations Committee of the Board of Directors, on permanent basis, no rarer than twice a year, makes assessment of the members of the Board of Directors/candidate members of the Board of Directors in terms of independence criteria.

Independent members of the Board of Directors are to be appointed by the Board of Directors to the Budget and Audit Committee of the Board of Directors.

When considering the agenda items of the Board of Directors, the vision, proposals and justified observations of the independent directors are actively discussed which are subsequently taken into consideration when the issues are given a repeat review and when the resolutions of the Board of Directors are implemented.

### **Remuneration of the Members of the Board of Directors:**

The members of the Board of Directors, during the period of performing their obligations, may be paid a remuneration and (or) their expenses may be reimbursed for in connection with their performance of the functions as members of the Board of Directors. The amount of such remunerations and reimbursements are to be set by the resolution of the Shareholders' General Meeting.

For purposes of increasing motivation of the members of the Board of Directors, there operate the Terms of Reference on Remunerations and Reimbursements Payable to the Members of the Board of Directors approved by the resolution of the Shareholders' Annual General Meeting dated June 26-th 2007 (Minutes No. 27) and amended by the resolution of the Shareholders' Annual General Meeting dated June 24-th 2008 (Minutes No. 29). The form of payment of remuneration to the members of the Board of Directors is disbursement of cash remuneration based on the year end results.

The Shareholders' Annual General Meeting that took place on June 27-th 2014 (Minutes No. 36), on the agenda item «Regarding Payment of Remuneration for Service on the Board of Directors of KAMAZ OJSC To the Members of the Board of Directors of KAMAZ OJSC, passed the following decision:

«The members of the Board of Directors of KAMAZ OJSC are to be paid a remuneration for performing their obligations for the period from January 1-st through December 31-st 2013 pursuant to the Terms of Reference on Remunerations and Reimbursements Payable to the Members of the Board of Directors of KAMAZ OJSC».

Payment of remunerations is not to be effected with respect to the members of the Board of Directors of KAMAZ OJSC who are prohibited to receive such a remuneration under the existing law of the Russian Federation on civil service of the Russian Federation and counter-action against corruption.

To reimburse for the expenses to the members of the Board of Directors of KAMAZ OJSC connected with the performance of their obligations during the period from January 1-st through December 31-st 2013 and confirmed by relevant payment documents.

### **Remuneration of the Members of the Board of Directors**

<b>Type of Remuneration</b>	<b>Amount Paid, Thnd. Rbls. in 2014, Inclusive of Physical Persons' Tax With-held, Thnd. Rbls.</b>
Remuneration for Service on the Body	17 134
Salary	-
Bonuses	-
Commission	-
Benefits	-
Reimbursement for Expenses	-
Other Types of Consideration	-
<b>TOTAL:</b>	17 134

### **Committees of the Board of Directors**

To enhance the efficiency of the operation of the Board of Directors, for more detailed preliminary review of the most important matters and to prepare relevant recommendations, within the Company, there operate tow Committees of the Board of Directors: Human Resources and Remunerations Committee of the Board of Directors, the Budget and Audit Committee of the Board of Directors.

Pursuant to the Terms of Reference on the Human Resources and Remunerations Committee of the Board of Directors this Committee consists of no fewer than 3 members. Members of the Committee can be members of the Board of Directors possessing the qualifications and experience necessary to attain the aims of the activities of the Committee. The Human Resources and Remunerations Committee of the Board of Directors must consist of the majority of independent directors, except for the cases where it is impossible for objective reasons.

Under the Terms of Reference on the Budget and Audit Committee of the Board of Directors, this Committee consists of no fewer than 3 members. The Committee members can be the members of the Board of Directors possessed of the qualifications and experience necessary for the aims of the Committee's activities to be attained and meeting the following requirements:

- they are not, at the time of election and for 1 year preceding their election, officers or employees of the Company;
- they are not spouses, parents, children, brothers and sisters of the Company's officers;
- they are not the Company's affiliates except for a member of the Board of Directors;
- they are not representatives of the government or members of the Company's executive body.

The Budget and Audit Committee of the Board of Directors must be composed of the majority of independent directors, except for cases where it is not possible for objective reasons. An independent member of the Board of Directors is to be elected Chairman of the Committee.

The Terms of Reference on the Committees were approved by the resolution of the Board of Directors dated December 24-th 2014 (Minutes No. 9). This resolution of the Board of Directors aligned the competence of the Committees with the requirements of the Procedure on Access of Securities To Organized Trading, approved by Order of the Federal Service for Financial Markets of Russia dated July 30-th 2013 No. 13-62/ПЗ-Н.

These documents can be accessed at the Company's official web site in the section «To: Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/information-disclosure/new-edition>).

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**The Tasks of the Human Resources and Remunerations Committee of the Board of Directors**

The Committee has been set up with a view to assisting in efficient performance by the Board of Directors of its functions by means of preliminary review of the matters pertaining to efficiency of the Board of Directors' operation and its committees, members of the Company's executive bodies, establishment within the Company of an effective and transparent system of remunerating the members of the Board of Directors, the members of the executive bodies, the system of planning continuity of the governing bodies' members, the executive bodies' members.

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**The Composition of the Human Resources and Remunerations Committee of the Board of Directors**

Between September 11-th 2013 and June 27-th 2014, the following makeup of the Committee was in effect which had been constituted by the resolution of the Board of Directors dated September 10-th 2013 (Minutes No. 6): Vladimir Alexandrovich Dmitriev, Sergey Victorovich Skvortsov, Ildar Shafkatovich Khalikov. Ildar Shafkatovich Khalikov was appointed the Chairman of the Committee.

Between July 24-th 2014 and June 26-th 2015, the following makeup of the Committee has been in effect, constituted by the resolution of the Board of Directors dated June 24-th 2014 (Minutes No. 4): Vladimir Alexandrovich Dmitriev, Sergey Victorovich Skvortsov, Ildar Shafkatovich Khalikov. Ildar Shafkatovich Khalikov was appointed the Chairman of the Committee.

<b>The Tasks of the Budget and Audit Committee of the Board of Directors</b>	<b>The Composition of the Budget and Audit Committee of the Board of Directors</b>
<p>The Committee has been set up with a view to assisting in efficient performance by the Board of Directors of its functions by means of preliminary review of the matters pertaining to the planning of the Company's financial and business activities, control over such activities and for preliminary consideration of the matters pertaining to the system of control over the Company's financial and business activities.</p>	<p>Between September 11-th 2013 and June 27-th 2014 the following makeup of the Committee was in effect constituted by the resolution of the Board of Directors dated September 10-th 2013 (Minutes No.6): Mikhail Yakovlevich Broitman, Ilkka Seppo Salonen, Gumer Khasanzanovich Nuretdinov. Mikhail Yakovlevich Broitman was appointed Chairman of the Committee.</p> <p>Between July 24-th 2014 and June 26-th 2015, the following makeup of the Committee has been in effect constituted by the resolution of the Board of Directors dated June 24-th 2014 (Minutes No. 4): Mikhail Yakovlevich Broitman, Gumer Khasanzanovich Nuretdinov, Arvid Tuerkner. Mikhail Yakovlevich Broitman was appointed Chairman of the Committee.</p> <p>Involved in the proceedings of the Committee, on permanent basis, are experts – representatives of the Company and the shareholders in the Company, the Secretary of the Board of Directors as well as the Company's external auditors.</p>

### **Secretary of the Board of Directors and the Management Board**

The Company recognizes that an important role in making sure that the bodies and officers of the Company comply with the procedural requirements which guarantee the exercise of the shareholders' rights and legitimate interests, that governance is developed, is played by the Company's Corporate Secretary.

Subject to what has been stated above, in 2015, it is planned to introduce amendments into the Company's internal documents which institute the position of the Corporate Secretary.

In 2014, the functions of the Corporate Secretary were carried out by Zhanna Evgenievna Khaliullina, Deputy General Director of KAMAZ OJSC – Corporate Director, appointed Secretary of the Board of Directors, Secretary of the Management Board as well as Secretary of the Shareholders' Annual General Meeting and Special Meeting held in 2014.



**ZHANNA EVGENIEVNA KHALIULLINA**

Deputy General Director of KAMAZ OJSC - Corporate Director,  
Secretary of the Board of Directors of KAMAZ OJSC,  
Secretary of the Management Board of KAMAZ OJSC

Year of Birth: 1974

Education: Pomorsky International Pedagogical University named after M.V. Lomonosov; All-Russia Correspondence Institute of Finance and Economics

Main Place of Employment: Deputy General Director of KAMAZ OJSC - Corporate Director

Appointed Secretary of the Board of Directors by the resolution of the Board of Directors dated September 10-th 2013.

Appointed Secretary of the Management Board by the resolution of the Management Board dated February 10-th 2012.

Participation interest in the Company's Charter Capital and percentage of shares owned: none

Transactions involving acquisition/alienation of the Company's shares in 2014: none

### **General Director and Management Board**

The key role in implementing the Company's strategic goals is played by the Company's Management Board and the General Director.

The dates, the procedure of calling and holding the meetings of the Management Board, the legal status of the members of the Management Board, the procedure of appointing, duration of powers and the competence of the General Director are regulated by the Charter of KAMAZ OJSC, the Terms of Reference on the Management Board of KAMAZ OJSC and the Terms of Reference on the General Director of KAMAZ OJSC, approved by the resolution of Shareholders' Annual General Meeting dated June 27-th 2014 (Minutes No. 36). These documents can be perused at the Company's official web site in the section «To: Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/information-disclosure/charter-and-internal-documents/>; <http://www.kamaz.ru/investors-and-shareholders/information-disclosure/new-edition>).

Referred to the remit of responsibilities or the competence of the General Director and the Management Board are the matters pursuant to the law and Clauses 11.10 and 11.5 of the Charter of KAMAZ OJSC.

As at December 31-st 2014, the Management Board of KAMAZ OJSC was functioning in the following makeup:



**SERGEY ANATOLIEVICH KOGOGIN**

Chairman of the Management Board of KAMAZ OJSC,  
General Director, KAMAZ OJSC

Year of Birth: 1957

Education: Kazan State University

Sergey A. Kogogin has been Chairman of the Management Board since he was appointed to the position of the General Director of KAMAZ OJSC on April 27-th 2002.

Participation interest in the Company's Charter Capital and percentage

	<p>of shares owned: 0.0028%</p> <p>Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
	<p><b>AKHAT FARITOVICH URMANOV</b> Deputy Chairman of the Management Board of KAMAZ OJSC</p> <p>Year of Birth: 1973 Education: Kazan State University Elected to the Management Board of the Company by the resolution of the Board of Directors dated May 13-th 2009. Participation interest in the Company's Charter Capital and percentage of shares owned: none Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
	<p><b>YURI IVANOVICH GERASIMOV</b> Member of the Management Board of KAMAZ OJSC First Deputy General Director of KAMAZ OJSC - Executive Director</p> <p>Year of Birth:1962 Education: Kama Polytechnic Institute Elected to the Management Board of the Company by the resolution of the Board of Directors dated July 24-th 2014. Participation interest in the Company's Charter Capital and percentage of shares owned:0.000013% Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
	<p><b>IREK FLOROVICH GUMEROV</b> Member of the Management Board of KAMAZ OJSC Deputy General Director of KAMAZ OJSC - Director for Business Development</p> <p>Year of Birth:1960 Education: Works-Higher Technical Education Institution under the auspices of Likhachev Moscow Automobile Works Elected to the Management Board of the Company by the resolution of the Board of Directors dated June 13-th 2001. Participation interest in the Company's Charter Capital and percentage of shares owned:0.000016% Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
	<p><b>PAVEL VLADIMIROVICH KANICHEV</b> Member of the Management Board of KAMAZ OJSC, Deputy General Director of KAMAZ OJSC, Sales and Service Year of Birth: 1969 Education: Sankt-Petersburg Electrical Engineering University Elected to the Management Board of the Company by the resolution of the Board of Directors dated December 17-th 2013. Participation interest in the Company's Charter Capital and percentage of shares owned:none Transactions involving acquisition/alienation of the Company's shares</p>

	in 2014: none
	<p><b>RUSTAM DANISOVICH SHAMSUTDINOV</b>  Member of the Management Board of KAMAZ OJSC,  Deputy General Director of KAMAZ OJSC, Purchasing  Year of Birth: 1969  Education: Kazan Aircraft Institute named after A.N. Tupolev  Elected to the Management Board of the Company by the resolution of the Board of Directors dated February 5-th 2014.  Participation interest in the Company's Charter Capital and percentage of shares owned: none  Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>

### **Changes in the composition of the Management Board during 2014:**

#### **Resolutions of the Board of Directors terminated the powers of the Management Board members:**

- dated May 21-st 2014, Kirill Yu. Puzyrkov.
- dated July 24-th 2014, Yuri P. Klochkov
- dated September 23-rd 2014, Elena M. Milinova

#### **Remuneration of the Members of the Management Board and the General Director**

The terms and conditions of the contracts with the General Director and the members of the Management Board, including remunerations and compensations, pursuant to the Terms of Reference on the Board of Directors are determined by the Board of Directors.

Some of the makeup of the Board of Directors and the members of the Management Board are on the payroll of the Company. To motivate the General Director, the members of the Management Board, a remuneration is paid which is determined based on the amount of net profit of the year under review as a calculated value.

Accrual of the remuneration is made depending whether the performance targets for the operations of KAMAZ OJSC Group of Organizations are met :

- net profit;
- revenues (receipts) from sale of products, goods and services.

The remuneration of the General Director is determined as a fixed sum (basic salary) pursuant to the employment contract, while when pre-determined performance indicators of the Business Plan of KAMAZ OJSC Organizations are met, based on the year end results, a remuneration is paid under the Terms of Reference on the Forms and Terms and Conditions for Motivation of the Members of the Collegiate Executive Body and Single Person Executive Body of KAMAZ OJSC, approved by the resolution of the Board of Directors dated December 20-th 2002 (Minutes No.13) and amended and added to by the resolutions of the Board of Directors dated September 3-rd 2004 (Minutes No. 6), dated September 28-th 2005 (Minutes No. 6), dated March 4-th 2009 (Minutes No. 4).

#### **Remuneration of the Members of the Management Board**

<b>Type of Remuneration</b>	<b>Amount Paid, Thnd. Rbls. in 2014, Inclusive of Physical Persons' Tax With-held, Thnd. Rbls.</b>
Remuneration for Service on the Body	-
Salary	46 008
Bonuses	12 583
Commission	-
Benefits	-
Reimbursement for Expenses	-
Other proprietary grants	-
Others	-
<b>TOTAL:</b>	<b>58 91</b>

## Participation of KAMAZ OJSC in Commercial and Non-Commercial Organizations

*KAMAZ OJSC, being the largest producer in the heavy engineering industry, bases itself on the principles of greater transparency and efficiency of governance processes, building an effective corporate structure, achieving maximum effectiveness of business processes.*

**Zhanna Khaliullina**

Deputy General Director of KAMAZ OJSC - Corporate Director

### **KAMAZ OJSC Group of Organizations**

KAMAZ OJSC Group of Organizations comprises 91 companies from Russia, the CIS and the far abroad.

One single production complex of KAMAZ OJSC Group of Organizations which covers the whole process flow of truck production, i.e. from design, manufacture, assembly of vehicles and components to sales of finished products and service support is concentrated in the city of Naberezhnye Chelny, Republic of Tatarstan.

The most important production operations of the technological complex of KAMAZ OJSC are:

- ✓ Core Truck Assembly Operation and Metal Working Operation;
- ✓ Foundries – Production of castings;
- ✓ Forge – Production of forgings;
- ✓ Engine Plant – Production of Power Modules, Engines, Transmissions and Spare Parts for them;
- ✓ Press and Stamping Plant – Press and Stamping Production Operation;
- ✓ Tooling Plant – Production of tools, Accessories and Equipment.

Major plants which belong to KAMAZ Group of Organizations and located outside the main production site of the city of Naberezhnye Chelny are:

NEFAZ OJSC (Neftekamsk, Republic of Bashkortostan) – production of dump bodies and buses on KAMAZ chassis, production of trailers and semi-trailers as well as spare parts;

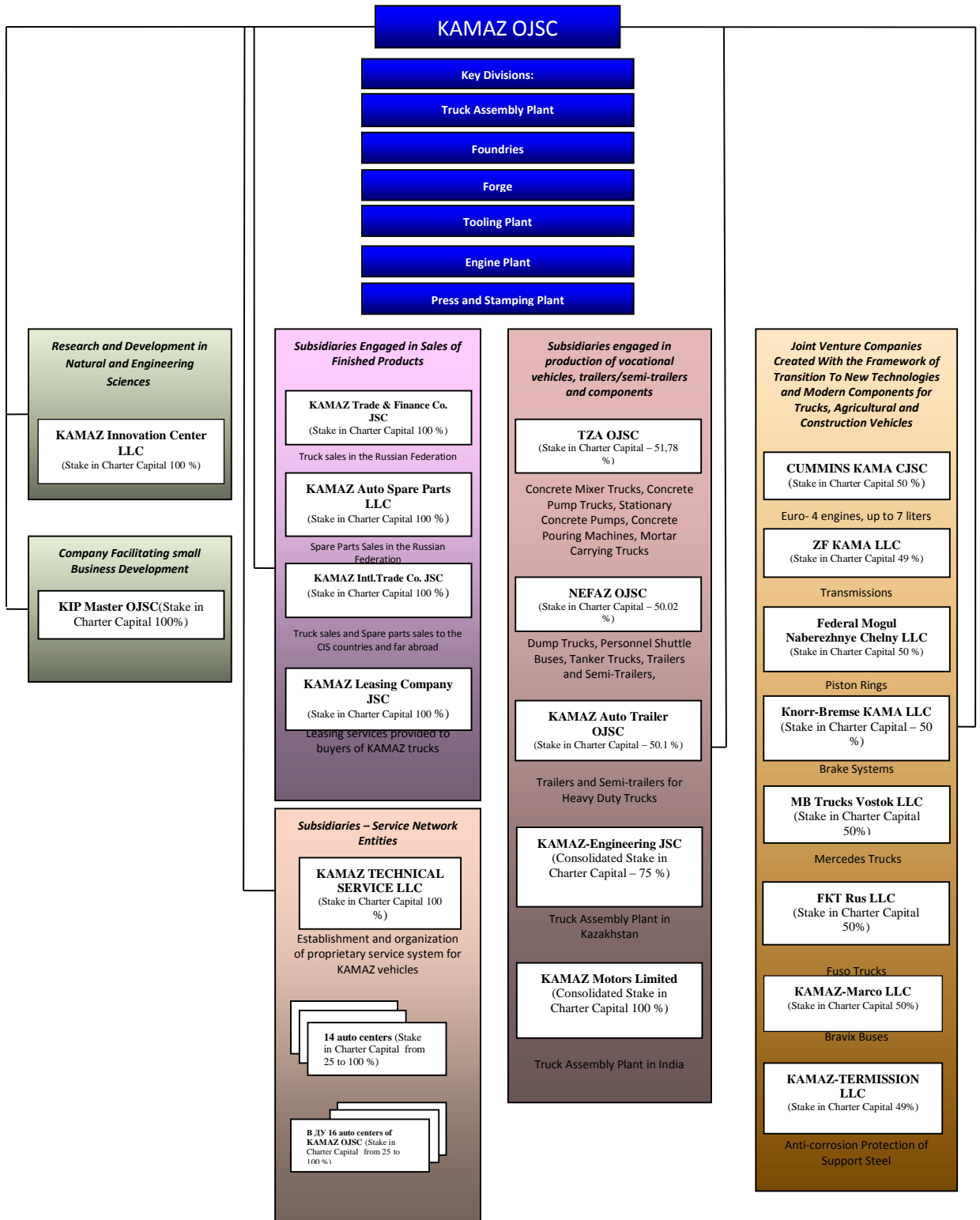
TZA OJSC (Tuymazi, Republic of Bashkortostan) – production of concrete carrying and fire fighting vehicles;

KAMAZ Auto Trailer OJSC (Stavropol, Russian Federation) – production and sale of vehicle trailers and spare parts for them;

KAMAZ-Engineering JSC (Kokshetau, Republic of Kazakhstan) – production and sale of buses, trucks, special purpose vehicles and spare parts for them.

KAMAZ Motors Limited (Hosur, India) – KAMAZ Truck Assembly Operation in India.

# Structure of KAMAZ OJSC Group of Organizations



## **Joint Venture Companies**

In 2014, on the premises of KAMAZ OJSC, together with Termission AG (Switzerland) a company was formed to make anti-corrosion coating of support steel using the «Levicor» technology (KAMAZ-TERMISSION LLC).

To diversify the products manufactured, joint venture companies were established with Daimler AG in order to produce «Mercedes Benz», «Mitsubishi Fuso» trucks (MB Trucks Vostok LLC, FKT Rus LLC).

On the site in Naberezhnye Chelny, the following operations are located: CUMMINS KAMA CJSC, ZF KAMA LLC, Knorr-Bremse KAMA LLC, Federal-Mogul Naberezhnye Chelny LLC, KAMAZ-TERMISSION LLC which are joint venture companies, established by KAMAZ OSJC with the participation of world leaders in automotive components industry, supplying to the core production operation engines, transmissions, brake systems and other components of world technological level.

The production facilities of NEFAZ OJSC, a subsidiary of KAMAZ OJSC, in the city of Neftekamsk, Republic of Bashkortostan, are the site of the assembly operation for Marcopolo buses on the basis of KAMAZ bus chassis, compliant with Euro-4 and higher emission standard, and which satisfy the up-to-date requirements applying to vehicles for transportation of passengers (KAMAZ-Marco LLC).

## **Dealer and Service Network**

The dealer and service network of KAMAZ OJSC embraces all the regions of Russia and the CIS as well as the Company's historical foreign sales markets. In 2014, KAMAZ OJSC continued with active expansion of its sales and service network in Russia and beyond her borders.

## **Leasing Business**

KAMAZ Leasing Company JSC has been operating in the market of leasing services since 2002, has been engaged in retail sales and dispatch of KAMAZ, NEFAZ, Stavropol Trailer Plant, TZA vehicles and vocational vehicles on KAMAZ chassis in all the regions of Russia, performing obligations to provide warranty service support.

## **Developing Small, Medium and Big Time Business**

KIP Master OJSC (Master Kama Industrial Park OJSC) is an industrial part set up for development of small, medium business enterprises oriented to the engineering industry and providing a whole package of services: beginning from rent of high quality production and office premises, ending up with a long list of auxiliary functions necessary for the functioning of each enterprise. Master Kama Industrial Park OJSC creates the most favorable conditions for developing modern, economically effective production operations, implementing investment projects for localization of such international companies as: Boschung, Guehring, LEONI, Magna, Haier, Mercedes-Benz, Mitsubishi Fuso, and carrying out government sponsored programs for support of entrepreneurship.

KIP Master OJSC has been successfully functioning for ten years already and has been making a considerable contribution to development of the city's socio-economic environment.

## **Innovation Activities**

KAMAZ Innovation Center LLC as part of the Skolkovo Fund is a research center which interfaces directly with leading dedicated UNIVERSITIES such as Bauman Moscow

State Technical University, NAMI (Research Automobile and Engine Institute), South Ural State University and other research and commercial organizations. The principal task is to participate in development of innovative vehicles, components and units of KAMAZ chassis.

Developments are carried out along the lines of the paths stated in the agreement with the Skolkovo Fund:

1. Energy efficient motor vehicles for long hauls – development of a hybrid energy efficient and environment friendly unit, energy effective drive systems for the vehicle, chassis systems and components with recuperative effect, energy storage systems allowing vehicle energy efficiency to be raised, dependence on dwindling reserves of conventional fuels to be reduced (or dispensed with completely), allowing vehicle cost of ownership to be reduced, allowing eco-friendliness to be increased, having decreased (or eliminated) harmful impact on environment.

2. Energy efficient motor vehicles for urban transportation – designing medium duty and heavy duty trucks and buses to carry out urban and suburban cargo and passenger transportation, to carry out communal and cleaning, road cleaning and other technological operations in residential developments, possessed of unique innovative properties, equipped with energy efficient and eco-friendly energy units, energy recuperation systems and vehicle optimized control. Development of energy effective technologies for electric and hybrid engines, systems and drives, automatic transmissions.

3. IT-technologies in the area of vehicle control – research and developments in the area of controlling sophisticated vehicles using built-in devices. In the course of these activities, it is planned to design an on-board information-based controlling and a robotized vehicle for the needs of Civil Defense and Emergency Situations, agencies of the Armed Forces of the Russian Federation, commercial transport operations.

It is contemplated that the research results will be applied to vehicles of other prospective families. Development of such vehicles and components will be undertaken by employees of KAMAZ Innovation Center LLC in cooperation with KAMAZ Research and Development Center, foremost universities of the Moscow and North Western Region, it is planned to arrange for residents of the Skolkovo Technopark to be vastly involved in developments and testing.

### **Participation in Non-Commercial Organizations**

KAMAZ OJSC is a participant in 12 associations, unions and other non-commercial organizations. Among them, there are organizations aimed at assisting in economic development and investment activities, associations and partnerships participation in which is connected with performance by KAMAZ OJSC of dedicated activities in various areas. Membership by KAMAZ OJSC of non-commercial organizations facilitates effective exchange of experience and expertise and is instrumental in development and cooperation with partners, establishment of new business contacts, maintenance of the image of KAMAZ OJSC as one of the largest truck producers in Russia.

The main non-commercial organizations in which KAMAZ OJSC is a participant (member) as at January 1-st 2015 are as follows:

1. Union of Russian Engineering Industry Employees *All-Russia Industry Association of Employers*
2. Union of Engineering Industry Employees *Public All-Russia Organization*
3. Association of Enterprises and Entrepreneurs of the Republic of Tatarstan *Regional Association of Employers*
4. KAMAZ Motor Sport *Non-Commercial Partnership*

5. Regional Institute of Advanced Technologies and Business *Non-Government Educational Institution*

6. Social Aid Fund of KAMAZ OJSC

**Program for Re-Structuring and Optimizing Production Facilities, Plant and Equipment of KAMAZ OJSC Including Measures Aimed At Alienating Non-Core Assets**

The Management Board of KAMAZ OJSC, on 11.02.2012, approved the Program for Re-Structuring and Optimizing Production Facilities, Plant and Equipment of KAMAZ OJSC Including Measures Aimed At Alienating Non-Core Assets.

The aims for the conduct of the measures aimed at restructuring and optimizing the production facilities, plant and equipment of KAMAZ OJSC are as follows:

- Improving efficiency of governance;
- Building up an effective corporate structure of KAMAZ OJSC, reducing the number of levels of ownership, abolishing joint ownership of shares/stakes among the Group's enterprises;
- Achieving maximum efficiency of the business processes, utilization of material, intellectual, human and other resources;
- Accumulation of cash by selling off non-core assets (shares, stakes, real property and movable property);
- Optimizing the tax burden by transferring real property facilities to the charter capital of the companies with the participation of KAMAZ OJSC.

2014 saw completion of one regular phase of the restructuring program of KAMAZ OJSC Group of Organizations. The principal target of the program is to improve managerial control and efficiency of investments of the Group as well as increase in capitalization of KAMAZ OJSC.

Within the framework of the restructuring program, in 2014, in KAMAZ OJSC Group of Organizations, KAMAZ OJSC terminated participation in 24 non-core and low margin organizations of the Group, which includes:

- Participation was discontinued in 17 low margin auto centers in the territory of the Russian Federation, CIS and far abroad;
- Unprofitable production operation for trucks, truck bodies, trailers and semi-trailers in Khabarovsk was sold off.

In 2015, it is anticipated that implementation of the action plans under the restructuring program of KAMAZ OJSC Group of Organizations will continue which is expected to entail increased transparency and efficiency of management processes, focus of management resource on core subsidiaries for the purpose of perfecting management control and ensuring efficiency of investments into KAMAZ OJSC Group of Organizations.

**Obtaining Return on Equity**

In 2014, by virtue of the resolutions adopted by the annual meetings of the subsidiary and dependent companies of KAMAZ OJSC, dividends were received based on the year 2013 performance results in the amount of 892 mn.Rbls. The cash received is re-invested into new high technology production operations.

During 2014, return on financial investments amounted to 4.4%.

## Auditing Board of KAMAZ OJSC

The Company's Auditing Board inspects the Company's financial and business activities.

The status, composition, functions and powers of the Auditing Board are regulated by the Terms of Reference on the Auditing Board of KAMAZ OJSC, approved by the resolution of Shareholders' Annual General Meeting dated June 28-th 2013 (Minutes No. 35). These documents are available from the Company's official web site in the section «To: Investors and Shareholders» (<http://www.kamaz.ru/investors-and-shareholders/information-disclosure/new-edition>).

Between June 29-th 2013 and June 27-th 2014, the following composition of the **Auditing Board** was in effect as elected by the resolution of the Shareholders' Annual General Meeting dated June 28-th 2013 (Minutes No. 35): Dilus Mukhamedovich Ilyasov, Andrey Sergeevich Komarov, Nataliya Ivanovna Smirnova, Ilgiza Khamotivna Shigapova. Ildar Askhatovich Shamilov, member of the Auditing Board, at his initiative, ceased his membership of the Auditing Board effective December 24-th 2013. Andrey Sergeevich Komarov was appointed Chairman of the Auditing Board.

Between June 28-th 2014 and June 26-th 2015, the following composition of the Auditing Board has been effect, elected by the resolution of the Shareholders' Annual General Meeting dated June 27-th 2014 (Minutes No. 36): Dilus Mukhamedovich Ilyasov, Andrey Sergeevich Komarov, Victor Alexandrovich Nikonov, Denis Mikhailovich Saraev, Nataliya Ivanovna Smirnova. Nataliya Ivanovna Smirnova was appointed Chairperson of the Auditing Board.

DILUS MUKHAMEDOVICH ILYASOV	Deputy Chairman of KAMAZ OJSC Employees' Trade Union Committee Year of Birth: 1955 Education: Academy of Labor and Social Relations Participation interest in the Company's Charter Capital and percentage of shares owned: 0.000426 % Transactions involving acquisition/alienation of the Company's shares in 2014: none
ANDREY SERGEEVICH KOMAROV	Head of the Group for Internal Audit and Compliance of KAMAZ OJSC. As at May 21-st 2015, Director for Investment Control, X5 Retail Group N.V.  Year of Birth: 1978 Education: Moscow State University named after M.V. Lomonosov Participation interest in the Company's Charter Capital and percentage of shares owned: none Transactions involving acquisition/alienation of the Company's shares in 2014: none
VICTOR ALEXANDROVICH NIKONOV	Deputy Chief of Unit for Inspection and Audit, Department for Audit of Organizations in the Investment Portfolio of Rostech State Corporation Year of Birth: 1982 Education: Moscow State University of Service

	<p>Participation interest in the Company's Charter Capital and percentage of shares owned: none  Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
<p>DENIS  MIKHAILOVICH  SARAEV</p>	<p>Chief Expert of Unit for Inspection and Audit, Department for Audit of Organizations in the Investment Portfolio of Rostech State Corporation</p> <p>Year of Birth: 1982  Education: Yaroslavl State Technical University  Participation interest in the Company's Charter Capital and percentage of shares owned: none  Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
<p>NATALIYA  IVANOVNA  SMIRNOVA</p>	<p>Senior Expert of Unit for Inspection and Audit, Department for Audit of Organizations in the Investment Portfolio of Rostech State Corporation</p> <p>Year of Birth: 1972  Education: All-Russia Correspondence Institute of Finance and Economics  Participation interest in the Company's Charter Capital and percentage of shares owned: none  Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>
<p>ILGIZA  KHAMITOVNA  SHIGAPOVA</p>	<p>Chief of Unit for Internal Audit, Group for Internal Audit and Compliance, KAMAZ OJSC. As at May 21-st 2015, Chief of Bureau for Methodology, Assessment of Risk Management and Coordination of Interface with External Auditors, Group for Internal Audit and Compliance, KAMAZ OJSC</p> <p>Year of Birth: 1970  Education: Kazan Institute of Finance and Economics, Kazan State University  Participation interest in the Company's Charter Capital and percentage of shares owned: none  Transactions involving acquisition/alienation of the Company's shares in 2014: none</p>

The Auditing Board carried out its activities during the period under review pursuant to the existing law of the Russian Federation, the normative documents of the Finance Ministry of the Russian Federation, the Terms of Reference on the Auditing Board and the approved Work Plan.

The Shareholders' Annual General Meeting, which was held on June 27-th 2014, (Minutes No. 36), on the agenda item «Concerning Payment of Remunerations and Compensations To The Members of the Auditing Board of KAMAZ OJSC passed the following decision:

«Remunerations for discharge of their duties by the members of the Auditing Board of KAMAZ OJSC during the period from January 1-st through December 31-st 2013 are to be paid in the amount of 60 000 (sixty thousand) Rubles to each member of the Auditing Board of KAMAZ OJSC.

To reimburse for the expenses incurred by the members of the Auditing Board of KAMAZ OJSC connected with performance of their obligations for the period from January 1-st through December 31-st 2013, and confirmed by payment documents.»

### **Internal Audit of Corporate Governance**

Beginning from 2014, the Company started to perform, on annual basis, quality audit of corporate governance, which allows identification of key drawbacks inherent in corporate governance and ways of perfecting it. The audit is carried out by the Group for Internal Audit and Compliance. Based on the results of corporate governance audit, no violations of existing law of the Russian Federation were found, recommendations of the Corporate Governance Code were established which were feasible to be implemented within the Company.

### **Internal Audit and Compliance**

An integral part of the corporate governance structure of the Company is the Group for Internal Audit and Compliance.

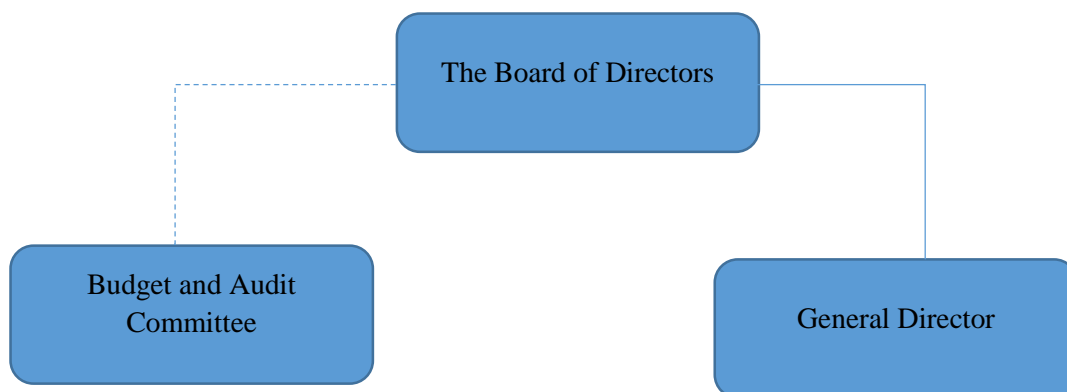
The Group for Internal Audit and Compliance was established by the resolution of the Budget and Audit Committee of the Board of Directors dated May 23-rd 2012 as a result of reorganizing the Corporate Control and Audit Committee and the Group for Compliance System Control.

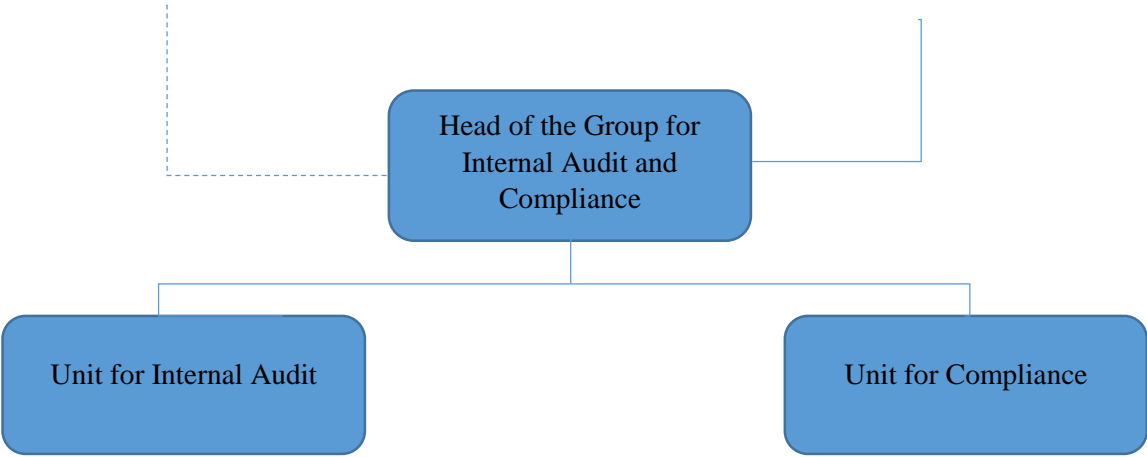
Acting Head of the Group for Internal Audit and Compliance is Eldar Ramilievich Shavaliev. The Head of the Group for Internal Audit and Compliance is administratively answerable to the General Director which allows the level of independence of the Group for Internal Audit and Compliance to be raised when internal control system and adherence to compliance principles are audited in the Company's structural divisions.

The Head of the Group for Internal Audit and Compliance functionally reports to and is accountable to the Budget and Audit Committee of the Board of Directors, which ensures reliable level of independence from the management in judgments and conclusions based on the results of inspection measures.

The Group's activities are regimented by the Terms of Reference on the Group for Internal Audit and Compliance. In their activities, the employees of the Group for Internal Audit and Compliance are guided by the International Professional Standards for Internal Audit, the law of the Russian Federation, Charter, resolution of the Board of Directors, the Management Board and the General Director, local normative acts.

The Head of the Group for Internal Audit and Compliance is a member of the Company's Compliance Coordination Committee.





The Group for Internal Audit and Compliance includes the Unit for Internal Audit and the Unit for Compliance with the following distribution of the functions:

<p>Unit for Internal Audit</p>	<ul style="list-style-type: none"> <li>- internal audit of the efficiency of the internal control system, the risk management system, corporate governance at KAMAZ OJSC and the organizations of KAMAZ OJSC, working out the recommendations on increasing efficiency and reliability;</li> <li>- internal audit of efficiency of the functioning of the compliance system and implementation of the action plans aimed at improving the compliance system;</li> <li>- analysis and assessment of efficiency of certain business processes at KAMAZ OJSC and the organizations of KAMAZ OJSC;</li> <li>- methodological support in risk management matters; consulting the management of KAMAZ OJSC in internal control matters, risk management, corporate governance;</li> <li>- coordinating the process of selecting external auditors of KAMAZ OJSC and the Organizations of KAMAZ OJSC, agreeing the programs of audit and reports on the audit results, assessment of efficiency of fulfillment of the external auditors' recommendations;</li> <li>- carrying out auditing activities as part of the auditing boards of the organizations of KAMAZ OJSC;</li> <li>- assisting the management in developing action plans based on the results of internal audits conducted, monitoring of performance of the action plans aimed at eliminating failings;</li> <li>- carrying out the assignments issued by the governing bodies of KAMAZ OJSC to carry out unscheduled audits of the divisions and organizations of KAMAZ OJSC.</li> <li>- ensuring that the «hot line» functions.</li> </ul>
<p>Unit for Compliance</p>	<ul style="list-style-type: none"> <li>- management of development and ensuring that the compliance system functions (formulation of the compliance program; consulting employees on the issues of implementing the compliance system and the functioning of the compliance system; methodological support for improvement of the internal control system in the sphere of compliance; analysis of messages on existence of real or potential conflicts of interest);</li> <li>- support of the compliance system (consulting, training, checking out the contracts for compliance risks);</li> <li>- periodic (annual) reassessment of risks in compliance area;</li> <li>- consulting working groups on investigations into detected cases of failure to observe compliance;</li> </ul>

At the stage where the compliance system was in the process of being constructed, the existing organizational chart of the Group facilitated improvement of coordination and communication between the two functions as well as effective utilization of resources.

In order to avoid the conflict of interest, the Board of Directors decided to delimit the functions of compliance and segregate them from the audit functions until December 31-st 2015.

### **External Audit**

For purposes of independent assessment of the truthfulness of accounts (financial statements), the Company annually retains external auditors for conduct of an audit of the accounts prepared to IFRS and RAS. The choice of auditors is made on competitive (tender) basis based on the criteria which ensure the best terms and conditions for conduct of the mandatory audit: necessary quality, required scope and pre-determined completion dates as well as optimal cost of auditing services.

The tender results are considered by the Budget and Audit Committee of the Board of Directors, KAMAZ OJSC, for the purpose of developing the proposals for the Board of Directors of KAMAZ OJSC that the candidate auditors recognized to be winners of the tender be placed before KAMAZ OJSC Shareholders' Annual General Meeting for its approval.

The audit of KAMAZ OJSC IFRS Consolidated Financial Statements of KAMAZ OJSC for the year 2014 was made by Ernst & Young LLC. The cost of the services under the agreement for the year 2014 amounted to 24 780 thnd. Rbls. (inclusive of VAT).

The audit of the accounts (financial statements) of KAMAZ OJSC for the year was made by BDO Unicon JSC. The cost of the services under the agreement, determined pursuant to the decision of the Board of Directors of KAMAZ OJSC, for the year 2014, amounted to 6 785 thnd. Rbls. (inclusive of VAT).

### **Internal Audit of Corporate Governance**

At the Company, effective 2014, on an annual basis, an internal audit of corporate governance started to be made which allows the spotlighting of key deficiencies of corporate governance and establishment of the paths for it to be perfected. This audit is performed by the Group for Internal Audit and Compliance. Based on the results of the audit of corporate governance, no breaches of the operating law of the Russian Federation were found, the recommendations of the Corporate Governance Code were identified which could be implemented within the Company.

### **Plans To Develop the Corporate Government System**

The key paths for development of the Company's corporate governance system are as follows:

- Improving the quality of organization and holding of the Shareholders' General Meetings.
- Improving the operations of the Company's Board of Directors and the Company's Management Board.
- Improving the quality of the Company's Annual Report.
- Improving the Company's informational openness.
- Improving the internal documents, which regulate relationships in the area of corporate governance.
- Implementing the recommendations of the Corporate Governance Code.
- Improving the risk management system and internal control system, internal audit system pursuant to the current requirements of the regulators and best practices.

## 6. TO INVESTOR AND SHAREHOLDERS

### 6.1. Securities

#### Shares in KAMAZ OJSC

The Charter Capital is divided into 707 229 559 shares with a nominal value of 50 Rubles per share and amounts to 35 361 477 950 Rbls.

All the shares are registered and ordinary shares.

#### Breakdown of the shareholders in KAMAZ OJSC (participation interest owned by major shareholders, who hold more than 5 % of the Charter Capital of KAMAZ OJSC)

Full Name	Number of Shares	Percentage of Charter Capital
		As at 31.12.2014
Rostech State Corporation	352 907 550	49,90 %
Avtoinvest Limited	147 189 843	20,81 %
Daimler AG	106 084 434	15,00 %
Misc. Legal Entities and Physical Persons	101 047 732	14,29 %
<b>Total</b>	<b>707 229 559</b>	<b>100</b>

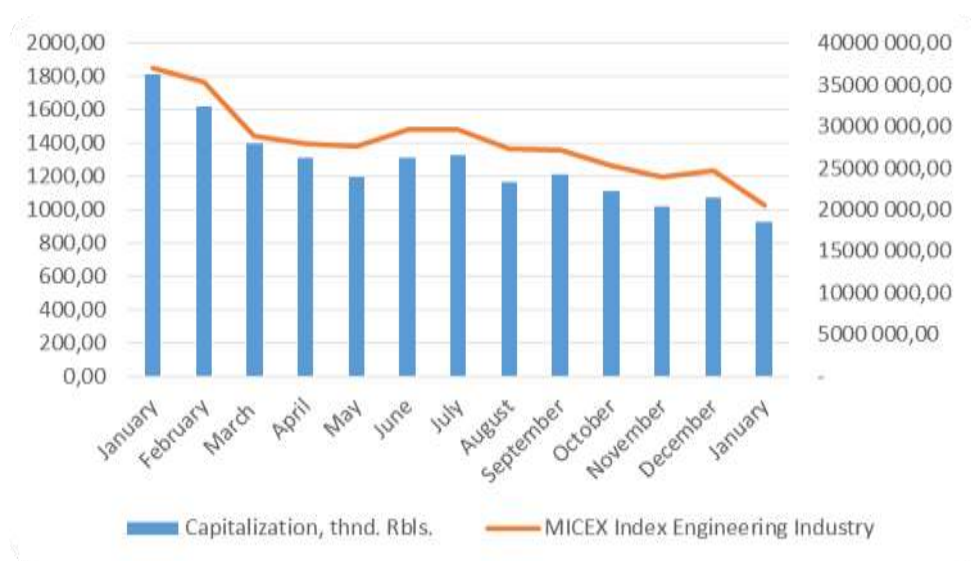
There are no beneficiary owners – physical persons, who ultimately directly or indirectly (through third parties) own (have predominant participation) more than 25 percent of the capital of KAMAZ OJSC. KAMAZ Financial and Leasing Company LLC which is a subsidiary of KAMAZ OJSC owns 3.72% of the shares in KAMAZ OJSC.

As at 9.06.2014, the shares in KAMAZ OJSC are included into the first level of the quotation list of Moscow Inter-Bank Currency Exchange *Stock Exchange* (MICEX).

The MICEX index, during 2014, dropped down by 7%, to 1396.61 points. The decline of the MICEX industry index “Engineering Industry” was more considerable and equaled approximately 46.78%.

The trend development of the market capitalization of KAMAZ OJSC changed unidirectionally in reference to the value of the “Engineering Industry” MICEX Index.

## Change in Capitalization of KAMAZ OJSC Compared To the Engineering Industry MICEX Index



### Exchange Tradable Bonds of KAMAZ OJSC

On February 04-th 2014, KAMAZ OJSC extinguished 3 000 000 exchange tradable bonds Series 50-02 with the total nominal value of 3 000 000 000 Rubles.

Information About Exchange Tradable Bonds of KAMAZ OJSC, Series 50-3, Now Outstanding, Indicator	Bonds, Series 50-03
<b>Total Nominal Value of Bonds (Nominal Value of One Bond - 1000 Rbls.)</b>	2 bn. Rbls.
<b>Volume of Bonds Outstanding (In Circulation) (Rbls.)</b>	2 000 000 000
<b>Date of Initial Placement</b>	04.10.2012
<b>Date of Extinguishment</b>	01.10.2015
<b>Number of Coupon Period and Interest Rate</b>	6 Coupons Interest Rate 10.50%

## Information About Completion By KAMAZ OJSC of Its Obligations To Bond Holders

### Revenue on Exchange Tradable Bonds During 2014

Name of Bonds	Coupon Period No.	Date of Revenue Disbursement	Interest Rate on Coupon Period, % per annum	Amount of Coupon Revenue Per One Bond	Total Amount of Revenue Paid On Issuer's Bonds
Exchange Tradable Bonds Series BO-02	6-th	04.02.2014	8.60%	42.88 Rbls.	128 640 000 Rbls.
Exchange Tradable Bonds Series BO-03	3-rd	03.04.2014	10.50%	52.36 Rbls.	104 720 000 Rbls.
Exchange Tradable Bonds Series BO-03	4-th	02.10.2014	10.50%	52.36 Rbls.	104 720 000 Rbls.

### Information About the Decisions Made To Place the Bonds of KAMAZ OJSC

The Board of Directors of KAMAZ OJSC, in September 2014, the decision was made to place interest bearing non-convertible documentary bonds to bearer with mandatory centralized storage Series BO-07, Series BO-08, Series BO-09, Series BO-10, Series BO-11, Series BO-12, Series BO-13, Series BO-14, Series BO-15.

The total number of bonds is 35 000 000 (Thirty five million) bonds with a nominal value of 1 000 (One thousand) Rubles each, cumulative nominal value of 35 000 000 000 (Thirty five billion) Rubles with extinguishment period to be on the 5 460-th (Five thousand four hundred and sixtieth) day from the date that placement of bonds of corresponding series began.

The Russian Federation, on December 31-st 2014, granted government guarantees as security for performance of the obligations by KAMAZ OJSC to the owners of non-convertible interest bearing documentary bonds of KAMAZ OJSC to bearer Series BO-07, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15 in the total amount of up to 35 000 000 thnd. Rbls. The guarantee comes into force from the time of state registration of the bond issue.

The state registration of the bond issue is scheduled for 2015.

The funds generated by placing the bonds will be allocated towards implementing the investment project known as "Development of the Model Line of KAMAZ Trucks and Upgrading the Production Facilities for Its Manufacture".

## 6.2. Distribution and Use of Net Profit of KAMAZ OJSC

KAMAZ OJSC Shareholders' Annual General Meeting decided to distribute the net profit obtained based on the performance results for the year 2013, in the amount of 2 055 825 473 (Two billion fifty five million eight hundred and twenty five thousand four hundred and seventy three) Rubles, as follows:

- towards forming a reserve fund of KAMAZ OJSC five percent of the profit in the amount of 102 791 274 (One Hundred and two million seven thousand and ninety one thousand two hundred and seventy four) Rubles;

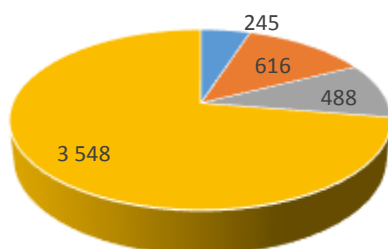
- towards extinguishing the previous years' losses in the amount of 520 910 119 (Five hundred and twenty million nine hundred and ten thousand one hundred and nineteen) Rubles;

- towards paying dividends on the shares in KAMAZ OJSC based on the performance results of financial and business activities of KAMAZ OJSC for the year 2013 in the amount of 205 582 547 (Two hundred and five million five hundred and eighty two thousand five hundred and forty seven) Rubles;

- towards financing the investment program in the amount of 1 226 541 533 (One billion two hundred and twenty six million five hundred and forty one thousand five hundred and thirty three) Rubles.

The decision to distribute the net profit of KAMAZ OJSC for the year 2013 was carried out completely.

Распределение чистой прибыли ОАО "КАМАЗ" за 2012 год, млн. руб.



- на формирование резервного фонда ОАО «КАМАЗ»
- на погашение убытков прошлых лет
- на выплату дивидендов по акциям ОАО «КАМАЗ»
- на финансирование инвестиционной программы

Распределение чистой прибыли ОАО "КАМАЗ" за 2013 год, млн. руб.



- на формирование резервного фонда ОАО «КАМАЗ»
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- на финансирование инвестиционной программы

### 6.3. Report on Payment of Authorized Dividends on the Shares in KAMAZ OJSC

The Dividend Policy of KAMAZ OJSC approved by the decision of the Board of Directors in May 2014, was developed with a view to ensuring a mechanism understandable to the shareholders, i.e. a mechanism of determining the amount of dividends and their payment, as well as establishing the strategy of the Company's Board of Directors in the course of development of recommendations on the amount of dividends on the shares, terms and conditions as well as the procedure of their payment.

Pursuant to the Terms of Reference on the Dividend Policy, for the payment of dividends up to 25 percent of net profit is channeled. The Company is under obligation to strike a delicate balance between the channeling of profit towards payment of dividends and the financing of effective investment projects.

The conditions for payment of dividends to the Company's shareholders are as follows:

- 1) Availability of net profit to the Company for the period under review;
- 2) Lack of restrictions on payment of dividends provided by the Federal law «On Joint Stock Companies»;
- 3) Recommendations of the Company's Board of Directors on the amount of dividends;
- 4) Decision of the Company Shareholders' General Meeting.

**History of Dividend Payments of KAMAZ OJSC**

For the Year	Date When Decision Was Made, Minutes No.	Dividends Per Share, Rbls.	Total Dividends Accruing, Rbls.	Percentage of Net Profit, RAS	Total Dividends Paid, Rbls.	% of Dividends Paid of the Total Amount of Dividends
2012	June 28-th 2013 Minutes of KAMAZ OJSC Shareholders' Annual General Meeting, No. 35	0.69	487 988 396	10	483 183 222	99.015%
2013	June 27-th 2014 Minutes of KAMAZ OJSC Shareholders' Annual General Meeting, No. 36	0.29	205 582 547	10	193 975 799	94.354%

The dividends for 2012-2013 were not paid in full amount for reasons of lack of particulars of the registered persons, necessary for remittance of dividends or due to untimely provision by the shareholders of the information about change in particulars for remittance of dividends. Payment is made upon clarification of these particulars by shareholders.

## 6.4. Disclosure of Information and Interaction with Shareholders (Shareholder Relations)

The public circulation of the Company's securities imposes additional requirements with respect to the procedure of disclosing the information about the activities of KAMAZ OJSC.

The Company abides by the law requirements regarding disclosure of information which is disclosed in the form of quarterly reports, communications about essential facts, consolidated financial statements and press releases. The Annual Report of KAMAZ OJSC is prepared and submitted for approval by the shareholders in KAMAZ OJSC which is subsequently disclosed for the information of the Company's investors and other interested parties.

The Company provides the shareholders or their legal nominees with access to documents and information in the scope and within the time periods stipulated by the existing law.

Access to the Company's documents for the shareholders or their legal nominees is provided on the basis of a written request. The Company, at the request of the shareholders or their legal nominees, provides them with copies of documents for a charge which does not exceed the cost of producing such copies.

The information (materials) in preparation for the holding of the Company Shareholders' General Meeting is provided for perusal at the place stated in the communication about the holding of the Meeting as well as is posted on the Company's web site [www.kamaz.ru](http://www.kamaz.ru).

## 7. RISKS

The Company's management views the risk management policy as an important part of the corporate governance system, aimed at achieving the strategic goals, keeping continuity of business in the long term perspective, as well as retaining the advantage of KAMAZ OJSC Group of Organizations and achieving target efficiency indicators in the short term and long term horizons.

The risk management system of KAMAZ OJSC is based on the world's best practices and the international risk management standards, taking into consideration the conceptual principles of risk management COSO ERM (Integrated Risk Management System), ISO 31000:2009 (Risk Management – Principles and Guidelines).

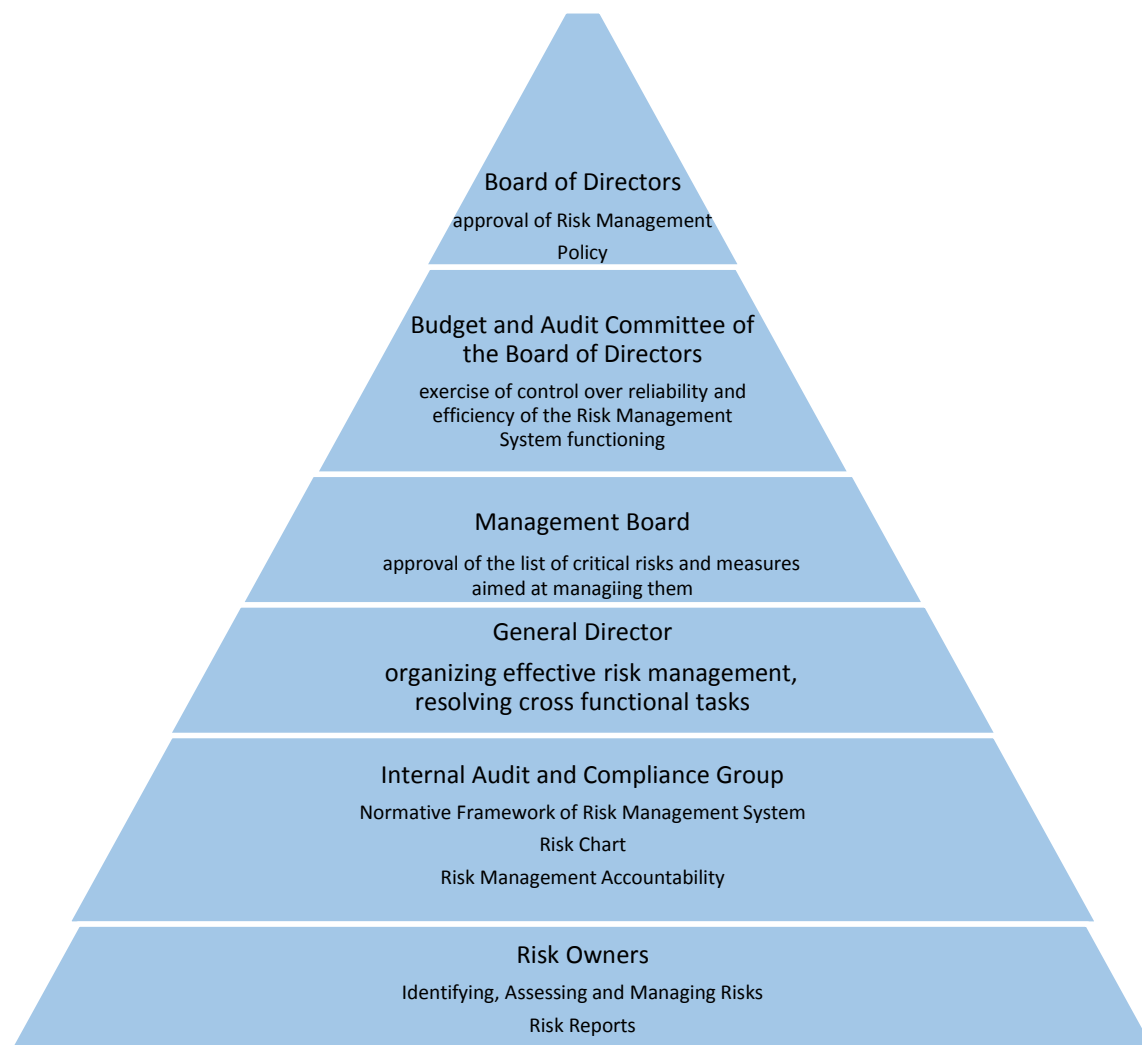
The essence of risk management consists in timely identification, classification of external and internal risks, inherent both in principal operating activities and investment activities for the purpose of their optimization and procuring maximum benefit from unfolding situations by means of coordinated actions aimed at risk management.

The risk management policy and principles are laid down in the Company's Policy «Manual on Risk Management System».

The following principles underlie the risk management system of KAMAZ OJSC:

- Integrated approach to risk management in strategic and operating management at all the levels,
- Focus on attainment of strategic and operating targets
- Segregation of the decision making level and assignment of responsibility for risk management at each level of management depending on the importance of risks,
- Cross-functional interaction (collegiate decision making with respect to risks influencing several business processes simultaneously),
- Risk assessment is made according to the «from bottom up» principle, risk management is made according to «from top to bottom» principle,
- Economic effectiveness of the measures aimed at risk management,
- Control over efficiency of risk management.

## Organizational Chart of Risk Management at KAMAZ OJSC



The risk management system is oriented to holistic assessment, prevention and preemptive response to the risks which may exercise an essential influence on the activities of KAMAZ OJSC, ensuring adaptiveness of the Company to external and internal environment effectiveness of its functioning.

### Key Stages of Risk Management Process at KAMAZ OJSC



Influence of possible risk events is evaluated according to two parameters: probability of risk onset and the level of consequences in terms of influence on the operations of KAMAZ OJSC. Depending on the assessment results, risks are distributed according to the three levels of decision making provided: Management Board, General Director, Risk Owner (Functional Director).

Risk-Management of KAMAZ OJSC presupposes the use of the following key tools for risk management:

- avoidance of risk (abandonment of extremely risky activities);
- risk diversification;
- risk reduction (implementation of preventive measures, aimed at reducing the probability of risk onset and the influence of the consequences resulting from the onset of risks on the free cash flow);
- acceptance of risk (coverage of possible losses at the expense of own funds).

### **Key Risk Factors**

KAMAZ OJSC gives special consideration to the issues of monitoring the influence of certain external and internal factors on the Company's operations. This section describes risks which we consider to be critical for KAMAZ OJSC as well as our approaches to managing these risks.

### **Industry Risks**

<b>Risk Description</b>	<b>Action Aimed At Risk Management</b>
<b><i>Stiffening competition on the part of Chinese and Korean motor vehicle makers, URAL Auto Works OJSC, MAZ OJSC</i></b>	<i>The 2020 Strategy provides for output of the new model line of trucks with consumer properties corresponding to European competitors and below them in terms of price parameters. Programs are being implemented to improve the quality of the products, the quality of warranty service. Action plans are being carried out aimed at optimizing expenditures, reducing the cost of component base of the truck.</i>
<b><i>Reduced market capacity of the Russian Federation, the near abroad and far abroad countries</i></b>	<i>Diversification of the product portfolio and sales markets, accessing new export markets, reorganization of dealer and service network, implementation of action plans to encourage and stimulate investments on the part of dealers, implementing the strategy of developing sales to corporate clients, implementing the program of financing customers together with banks, factoring and leasing companies.</i>
<b><i>Pricing pressure brought to bear by suppliers of metal, electric power, gas as well as global suppliers of components</i></b>	<i>Continuous monitoring of prices is carried out, measures are being implemented to localize production and diversification of component supplies from different regions of the world, negotiations are conducted with suppliers to conclude long term contracts using effective pricing formulae, programs are carried out to improve energy efficiency of production, осуществляется a search of alternative suppliers is going on.</i>
<b><i>Reduced degree of market protection</i></b>	<i>Measures are being carried out aimed at counteracting and combating dishonest importation and at promoting the interests of the national automobile industry at law making level. Measures are being fulfilled to combat counterfeit spare parts, improving the product mix and availability of authentic spare parts.</i>

## Country and Regional Risks

Risk Description	Actions Aimed At Risk Management
<i>Political risks in export sales</i>	<i>KAMAZ OJSC is striving to diversify its sales channels, carries out on-going monitoring and control of risks, taking into consideration the political and economic situation in the countries of export sales markets. Parallel to operations in unstable regions, the Company engages in activities in the countries where country and political risks are evaluated as being minimal.</i>
<i>Loss of Strategic Partnership With Component Producers including that as a result of imposition of sanctions by foreign countries</i>	<i>Measures are being undertaken to localize production of major components in the territory of the Russian Federation, selection is made of alternative suppliers.</i>

## Financial Risks

Risk Description	Action Aimed At Risk Management
<i>Foreign exchange risk</i>	<i>Constant monitoring is being made of foreign exchange rates with reference to the Ruble; mechanism of natural hedging is used in order to cancel out the effect of the strong Ruble on reduced competitiveness of the products of KAMAZ OJSC in the global markets; measures are being implemented which are aimed at developing own assembly operations in promising export countries as well as at localizing production operations in the Russian Federation.</i>
<i>Liquidity risk</i>	<i>Measures are carried out to manage liquidity (maintaining sufficient balances of cash and credit resources, regular monitoring of cash receipts and expenditures, maintaining an equilibrium between financial assets extinguishment dates and liabilities, cutting back upon non-production expenses and stock of finished products, shedding non-core assets). Work is done with government authorities (government guarantees with respect to bonds, subsidizing R &amp; D). The Company is revising criteria for evaluation of creditworthiness of buyers and guaranteeing accounts receivable; plans have been made for insurance of product exports, programs are implemented to finance customers together with banks, factoring and leasing companies.</i>
<i>Interest rate risk</i>	<i>Monitoring is made of market situation, work is pursued with government authorities (government guarantees with respect to bonds, extension of the subsidizing of interest between 2014 and 2020), measures are taken to optimize the credit portfolio.</i>

## Risk of Changes in the Law in Different Areas

Risk Description	Actions Aimed At Risk Management
<i>Risks connected with changes in the tax law</i>	<i>KAMAZ OJSC carries out on-going monitoring of development of legislative initiatives, amendments of the law; interfacing with government authorities.</i>
<i>Risks connected with change in foreign exchange regulation</i>	<i>KAMAZ OJSC carries out on-going monitoring of development of legislative initiatives, amendments of the law; interfacing with government authorities.</i>
<i>Risks connected with change in anti-monopoly law</i>	<i>KAMAZ OJSC carries out on-going monitoring of development of legislative initiatives, amendments of the law; interfacing with government authorities.</i>
<i>Risks connected with change in customs control and duties regulations</i>	<i>KAMAZ OJSC carries out on-going monitoring of development of legislative initiatives, amendments of the law; interfacing with government authorities.</i>
<i>Risks connected with change in the requirements in respect of the licensing of the issuer's core activities or the licensing of the rights to use the items whose circulation is restricted (including natural resources)</i>	<i>KAMAZ OJSC carries out on-going monitoring of development of legislative initiatives, amendments of the law; interfacing with government authorities.</i>

## Strategic Risk

Risk Description	Actions Aimed At Risk Management
<i>Inefficiency of investment decisions</i>	<i>The re-engineering program is being carried out with priority use of robots, step-by-step control system has been put in place to monitor the progress of product projects, measures aimed at localizing production in the Russian Federation.</i>

## Risks Involved in the Activities of KAMAZ OJSC

Risk Description	Actions Aimed At Risk Management
<i>Non-conformity of products to customers' requirements</i>	<p><i>On continuous basis, thorough pre-series analysis is made of consumer demand and competitive offering in the market.</i></p> <p><i>The 2020 Strategy provides for significant financing of R &amp; D and production process engineering. KAMAZ OJSC is resorting to the practice of engaging leaders in relevant areas of research, testing and design engineering, is implementing the Make or buy concept, is pursuing the project to create an engineering center.</i></p>
<i>Unpreparedness of the service network for launch of the new product</i>	<i>An effective system of production process engineering and service support is being put in place prior to launch into the market of new products, action plans are being implemented aimed at improving the quality of warranty service, training programs for service centers and drivers are being put into effect.</i>
<i>Lack of low-cost product for export</i>	<i>Measures are carried out aimed at starting up a truck production operation for trucks with low price level for export markets.</i>
<i>Insufficient rate of change</i>	<i>Cross-functional interaction within the Company is being improved upon, SAP is being implemented with respect to personnel management, new technologies are being applied to the area of personnel training and development.</i>
<i>Ineffective management of working capital</i>	<i>Constant monitoring of inventory balance and the amounts of accounts receivable, measures are implemented to refine SAP in planning production, purchasing, logistics and tool management; revision of pricing system for non-moving (soiled) trucks under current conditions.</i>

Appendix 1.

Consolidated Financial Statements (IFRS) of KAMAZ Group for 2014

<http://kamaz.ru/en/investors-and-shareholders/information-disclosure/financial-reporting/>

## Appendix 2.

### List of the Transactions Consummated by the Company During the Year Under Review, Recognized Pursuant to the Federal Law «On Joint Stock Companies» To Be Major Transactions, As Well As Other Transactions Whose Execution Under the Charter of the Company Is Covered By the Procedure of Approving Major Transactions

**The Company did not execute any major transactions during the year under review. One major transaction was approved by the Board of Directors.**

<b>Governing Body, Which Passed the Decision To Approve</b>	<b>Transaction</b>	<b>Essential Terms and Conditions of the Transaction</b>
The Board of Directors  Minutes of the meeting of the Board of Directors dated 23.09.2014 No. 5  Minutes of the absentee vote by the members of the Board of Directors dated 05.12.2014 No. 7	Placement of securities, i.e. documentary interest bearing nonconvertible exchange tradable bonds to bearer with mandatory centralized storage Series BO-07, Series BO-08, Series BO-09, Series BO-10, Series BO-11, Series BO-12, Series BO-13, Series BO-14, Series BO-15	Subject of the transaction: Placement of securities.  Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Placement of the interest bearing non-convertible documentary bonds to bearer with mandatory centralized storage Series BO-07, Series BO-08, Series BO-09, Series BO-10, Series BO-11, Series BO-12, Series BO-13, Series BO-14, Series BO-15 in the total quantity of 35 000 000 (Thirty five million) bonds with the nominal value of 1 000 (One thousand) Rubles each, with the total nominal value of 35 000 000 000 (Thirty five billion) Rubles with the extinguishment period on the 5 460-th (Five thousand four hundred and sixtieth) day from the date that the placement begins of the bonds of relevant series, placed by way of public subscription and admitted to organized trading carried out by the exchange (Exchange Tradable Bonds), with the possibility of early extinguishment at the request of the bond holders and at the Issuer's discretion, backed up by the government guarantee of the Russian Federation, placed at a price of 100 (hundred) percent of the nominal value of the Exchange Tradable bonds, i.e. 1 000 Rubles per 1 (One) Exchange Tradable bond (beginning from the second day of placement, the acquirers are to pay also the accumulated coupon revenue) in monetary form using non-cash procedure in the currency of the Russian Federation, which provides for payment of coupon revenue in the amount to be determined pursuant to the Resolution To Issue Securities and Prospectus on Securities. The terms and conditions of each issue of the Exchange Tradable bonds Series BO-07, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15 are to be determined pursuant to the terms and conditions for placement of the exchange tradable bonds of each series, which are attached to the resolution to place the Exchange Tradable bonds of respective series.

		<p>Period for performance of obligations under the transaction: period of extinguishment is on the 5460-th (Five thousand four hundred and sixtieth) day from the date that placement of bonds is to begin with the possibility of early extinguishment at the request of bond holders and at the Issuer's discretion.</p> <p>Parties and beneficiaries under the transaction:  Parties: KAMAZ OJSC – Issuer of bonds; physical persons and legal entities – acquirers of Exchange Tradable bonds of KAMAZ OJSC;  Beneficiaries: acquirers of Exchange tradable bonds of KAMAZ OJSC.</p> <p>The amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: nominal value of the Exchange tradable bonds is 35 000 000 000 (Thirty four billion) Rubles, which accounts for 36.57% of the value of the assets of KAMAZ OJSC as at September 30-th 2014.</p> <p>Date of the transaction execution (conclusion of agreement):  Placement of the Exchange tradable bonds begins only after state registration of their issue. Date that placement begins of Exchange tradable bonds is to be determined by the Issuer's single person executive body after state registration of the Exchange tradable bonds.  Date of the end of Exchange tradable bonds placement cannot be later than one year from the date of state registration of the issue of Exchange tradable bonds. The Issuer is entitled to extend the above mentioned period by making relevant changes to the Resolution To Issue and to the Prospectus. Such changes are to be made using the procedure established by Federal law «On Securities Market» dated 22.04.1996. No. 39-ФЗ. At the same time, each extension of the placement period for Exchange Tradable bonds cannot amount to more than one year while the total period of placement of the Exchange tradable bonds including its extension cannot amount to more than three years from the date of state registration of their issue.</p>
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### Appendix 3.

List of the Transactions Consummated By the Company During the Period Under Review Recognized Pursuant To the Federal Law «On Joint Stock Companies» To Be Interested Party Transactions And the Need for The Governing Body of the Joint Stock Company To Approve Which Is Contemplated By Chapter XI of the Federal Law «On Joint Stock Companies»

<b>Governing Body, Which Passed the Decision To Approve</b>	<b>Transaction</b>	<b>Essential Terms and Conditions of the Transaction</b>	<b>Persons Recognized To Be Interested In Executing the Transaction</b>
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Annual General Meeting dated 27.06.2014 No. 36</p>	<p>Addendum No. 7 dated 21.02.2014 To Agreement on Pledge of Movable Property dated 30.08.2011</p> <p>No. 110200/1103-Д3/2</p>	<p>Subject of the Transaction: pledging movable property of KAMAZ OJSC.</p> <p>Content of the transaction, including civil rights and obligations to establish, change or terminate which the executed transaction is aimed at: pledging movable property of KAMAZ OJSC.</p> <p>Period of performance of obligations under the transaction: until 15.12.2015.</p> <p>Parties and beneficiaries under the transaction:  Parties: KAMAZ OJSC – Pledger and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Pledgee;  Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: 426 047 000 Rubles which accounts for 0.5% of the value of KAMAZ OJSC assets as at 31.12.2013.</p> <p>Date of Transaction Execution (conclusion of agreement): 21 02.2014.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p>

<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Annual General Meeting dated 27.06.2014 No. 36</p>	<p>Agreement on Liability Insurance of Officers and Governing Bodies of Legal Entities dated 24.07.2014 No. 326</p>	<p>Subject of Transaction: insuring the risk of onset of unfavorable consequences for KAMAZ OJSC as a result of unpremeditated erroneous actions by officers when they pursue their managerial activities.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: the obligation of an insurance company for a stipulated fee (insurance premium) with the onset of a certain event (insurance case) to pay an insurance reimbursement within the established insurance amount under the agreement.</p> <p>Period of Performance of Obligation under the Transaction: 23.07.2015.</p> <p>Parties and beneficiaries under the Transaction: Parties: insurer NASKO OJSC – Insurer, KAMAZ OJSC – Insured party; Beneficiaries: third parties who sustained damage.</p> <p>The amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: USD 22 800 (820 861.56 Rubles), which accounts for less than 0.0008% of the value of the assets of KAMAZ OJSC as at 31.12.2014.</p> <p>Date of transaction execution (conclusion of agreement): 24.07.2014.</p>	<p>Members of the Board of Directors of KAMAZ OJSC, Members of the Management Board of KAMAZ OJSC, General Director of KAMAZ OJSC</p>
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Annual General Meeting dated 27.06.2014 No. 36</p>	<p>Addendum No. 6 dated 21.02.2014 To Agreement on Pledge of Movable Property dated 30.08.2011 No. 110200/1103-Д3/2</p>	<p>Subject of the Transaction: pledging movable property of KAMAZ OJSC</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: pledging movable property of KAMAZ OJSC.</p> <p>Period of Performance of Obligation under the Transaction: until 15.12.2015.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p>

		<p>Parties and beneficiaries under the transaction:  Parties: KAMAZ OJSC – Pledger and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Pledgee;  Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: 426 047 000 Rubles, which accounts for 0.5% of the value of the assets of KAMAZ OJSC as at 30.06.2013.</p> <p>Date of transaction execution (conclusion of agreement): 26.08.2013.</p>	
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Annual General Meeting dated 27.06.2014 No. 36</p>	<p>Addendum No. 4 dated 19.08.2014 To Credit Agreement dated 31.12.2010 No. 110100/1103</p>	<p>Subject of the Transaction: changing interest rate under the credit facility.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: changing interest rate under the credit facility.</p> <p>Period of Performance of Obligation under the Transaction: until 15.12.2015.</p> <p>Parties and beneficiaries under the transaction:  Parties: KAMAZ OJSC – Borrower Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> - Bank;  Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Date of transaction execution (conclusion of agreement):19.08.2014.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p>
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Annual</p>	<p>Addendum No. 8 dated 19.08.2014 To Agreement on Pledge of Movable Property dated 30.08.2011 No. 110200/1103-Д3/2</p>	<p>Subject of the Transaction: changing interest rate under the credit facility.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at:</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities</p>

<p>General Meeting dated 27.06.2014 No. 36</p>		<p>changing interest rate under the credit facility No. 110100/1103 dated 31.12.2010</p> <p>Period of Performance of Obligation under the Transaction: until 15.12.2015.</p> <p>Parties and beneficiaries under the transaction: Parties: KAMAZ OJSC – Pledger and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Pledgee; Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Date of transaction execution (conclusion of agreement): 19.08.2014.</p>	<p>(Vnesheconombank) <i>State Corporation</i>.</p>
<p>The Board of Directors</p> <p>Minutes of the Meeting of the Board of Directors dated 23.09.2014 No. 5</p>	<p>Commission Agreement with NEFAZ OJSC dated 12.08.2014 No.5854/32/70-14</p>	<p>Subject of the Transaction: sale of Principal's property.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: sale of the Principal's redundant property.</p> <p>Period of Performance of Obligation under the Transaction: from the time of signing until 31.12.2015.</p> <p>Parties and beneficiaries under the transaction: Parties: KAMAZ OJSC – Performer, NEFAZ OJSC – Customer; Beneficiaries: KAMAZ OJSC.</p> <p>Amount of the transaction: monthly remuneration in the amount of 5% of the cost of the property sold.</p> <p>Date of transaction execution (conclusion of agreement): 12.08.2014.</p>	<p>Sergey A. Kogogin, Member of the Board of Directors of KAMAZ OJSC, General Director of KAMAZ OJSC.</p>
<p>Shareholders' General Meeting</p> <p>Minutes of the</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/469.</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series EO-07, security for performance of obligations of KAMAZ OJSC under the</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign</p>

<p>Shareholders' Special General Meeting dated 27.11.2014 No. 37</p>		<p>bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction: Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal. Beneficiaries: owners of Exchange tradable bonds series BO-07.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: Guarantee is being granted in the amount of up to 3 000 000 000 (Three billion) Rubles inclusive, which accounts for 3.13% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	<p>Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Special General Meeting dated</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/470</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series BO-08, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation,</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State</i></p>

27.11.2014 No. 37		<p>execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction: Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal. Beneficiaries: owners of Exchange tradable bonds series БО-08.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 3 000 000 000 (Three billion) Rubles inclusive, which accounts for 3.13% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	<p><i>Corporation.</i></p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/471.</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series БО-09, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation.</i></p>

		<p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction: Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal. Beneficiaries: owners of Exchange tradable bonds series БО-09.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: Guarantee is being granted in the amount of up to 3 000 000 000 (Three billion) Rubles inclusive, which accounts for 3.13% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	Rostech State Corporation, Shareholder of KAMAZ OJSC
Shareholders' General Meeting  Minutes of the Shareholders' Special General Meeting dated 27.11.2014 No. 37	Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/472.	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series БО-10, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at:</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction: Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal. Beneficiaries: owners of Exchange tradable bonds series BO-10.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 3 000 000 000 (Three billion) Rubles inclusive, which accounts for 3.13% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 No. 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/473.</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series BO-11, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction: Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal. Beneficiaries: owners of Exchange tradable bonds series BO-11.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 3 000 000 000 (Three billion) Rubles inclusive, which accounts for 3.13% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 No. 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/474</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series BO-12, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction:  Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal.  Beneficiaries: owners of Exchange tradable bonds series БО-12.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 5 000 000 000 (Three billion) Rubles inclusive, which accounts for 5.22% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 No. 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/475.</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series БО-13, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at:  Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p> <p>Parties and beneficiaries under the transaction:  Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal.  Beneficiaries: owners of Exchange tradable bonds series BO-13.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 5 000 000 000 (Three billion) Rubles inclusive, which accounts for 5.22% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 No. 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/476</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series BO-14, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at:  Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>bonds placement.</p> <p>Parties and beneficiaries under the transaction:  Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal.  Beneficiaries: owners of Exchange tradable bonds series BO-14.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: Guarantee is being granted in the amount of up to 5 000 000 000 (Three billion) Rubles inclusive, which accounts for 5.22% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Special General Meeting dated 27.11.2014 No. 37</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014 No. 04-04-10/477</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations with respect to the issue of Exchange tradable bonds Series BO-15, security for performance of obligations of KAMAZ OJSC under the bond loan being raised by KAMAZ OJSC for the purposes established by the state guarantee of the Russian Federation, execution of the state guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at:  Insuring by the Finance Ministry of the Russian Federation (Guarantor) that KAMAZ OJSC (Principal) performs its obligations with respect to the bonds before the bond holders to pay the nominal value of the bonds.</p> <p>Period of Performance of Obligation under the Transaction: Duration of the state guarantee of the Russian Federation is 5530 (Five thousand five hundred and thirty) days inclusive from the date of bonds placement.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>Parties and beneficiaries under the transaction:  Parties: Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, KAMAZ OJSC – Principal.  Beneficiaries: owners of Exchange tradable bonds series BO-15.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 5 000 000 000 (Three billion) Rubles inclusive, which accounts for 5.22% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	
<p>Shareholders’ General Meeting</p> <p>Minutes of the Shareholders’ Special General Meeting dated 27.11.2014 № 37</p> <p>Minutes of the Board of Directors dated 12.12.2014 No. 8</p>	<p>Agreement on Provision of State Guarantee dated 31.12.2014</p>	<p>Subject of the Transaction: The granting of state guarantee by the Russian Federation as security to back up performance of obligations of KAMAZ OJSC under Credit Agreement dated 24.11.2014 No. KC-ИГ-724320/2014/00072 and execution of the state guarantee of the Russian Federation.</p> <p>Beneficiaries: KAMAZ OJSC, VTB Bank OJSC.</p> <p>Parties and beneficiaries under the transaction:  Finance Ministry of the Russian Federation, acting on behalf of the Russian Federation – Guarantor, Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Agent, VTB Bank (VTB Bank OJSC) – Beneficiary, KAMAZ OJSC – Principal.</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer’s assets: Guarantee is being granted in the amount of up to 1 601 626 000 Rubles inclusive, which accounts for 1.67% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement): 31.12.2014.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>
Shareholders’ General	Credit Agreement No.KC-ИГ-	Subject of the Transaction: provision of credit resources backed up	Vladimir A. Dmitriev, Member of

<p>Meeting</p> <p>Minutes of the Shareholders' Special General Meeting dated 27.11.2014 No. 37</p>	<p>724320/2014/00072 dated 24.11.2014</p>	<p>by the government guarantee of the Russian Federation.</p> <p>Content of the transaction, including civil rights and obligations, to establish, change or terminate which the transaction is aimed at: opening the credit line and provision of credit resources.</p> <p>Period of Performance of Obligation under the Transaction: until 31.12.2018.</p> <p>Parties under the transaction: Parties: KAMAZ OJSC – Borrower and VTB Bank (OJSC) - Creditor; Beneficiaries: KAMAZ OJSC and VTB Bank (OJSC).</p> <p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: 1 601 626 000 Rubles , which accounts for 1.7% of the value of the assets of KAMAZ OJSC as at 30.09.2014.</p> <p>Date of transaction execution (conclusion of agreement):24.11.2014.</p>	<p>the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>
<p>Shareholders' General Meeting</p> <p>Minutes of the Shareholders' Special General Meeting dated 27.11.2014 No. 37</p>	<p>Addendum No. 9 dated 26.12.2014 To Agreement on Pledge of Movable Property dated 30.08.2011 No. 110200/1103-Д3/2</p>	<p>Subject of the Transaction: pledging movable property.</p> <p>Content of the transaction, including civil rights and obligations to establish, change or terminate which the executed transaction is aimed at: pledging movable property.</p> <p>Period of performance of obligations under the transaction: until 15.12.2015.</p> <p>Parties and beneficiaries under the transaction: Parties: KAMAZ OJSC – Pledger and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> – Pledgee; Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>

		<p>Amount of the transaction in monetary terms and in percentage of the value of the issuer's assets: 480 767 000 Rubles which accounts for 0.5% of the value of KAMAZ OJSC assets as at 31.12.2013.</p> <p>Date of Transaction Execution (conclusion of agreement): 21 02.2014.</p>	
<p>Submitted for consideration by KAMAZ OJSC Shareholders' Annual General Meeting by the Board of Directors</p> <p>Minutes of the Board of Directors dated 19.02.2015 No. 1</p>	<p>Addendum No. 5 dated 25.12.2014 To Credit Agreement dated 31.12.2010 No. 110100/1103</p>	<p>Subject of the Transaction: Introducing amendments to the procedure of passing information.</p> <p>Content of the transaction, including civil rights and obligations to establish, change or terminate which the executed transaction is aimed at: Introducing amendments to the procedure of passing information.</p> <p>Period of performance of obligations under the transaction: until 15.12.2015.</p> <p>Parties and beneficiaries under the transaction:  Parties: KAMAZ OJSC – Borrower and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation-Bank</i>;  Beneficiaries: Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i></p> <p>Date of Transaction Execution (conclusion of agreement): 25.12.2014.</p>	<p>Vladimir A. Dmitriev, Member of the Board of Directors of KAMAZ OJSC, Chairman of Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i>.</p> <p>Rostech State Corporation, Shareholder of KAMAZ OJSC</p>





	<p>To furnish to the Shareholders' General Meeting additional information and materials on the agenda items in keeping with the recommendations of the Corporate Governance Code</p>	<p>Complied with partially</p>	<p>compiled no earlier than 10 days after the date that the decision to hold the meeting was taken. The communication about the holding of the meeting is disclosed no later than the next day from the date of preparing the minutes of the Board of Directors' meeting, which took such a decision and these minutes are to be drawn up no later than three days after holding the meeting. It is planned to introduce the relevant amendments to the Company Charter at the next KAMAZ OJSC Shareholders' General Meeting.</p> <p>The Company fully complies with the requirements that the materials be furnished as set forth in Item 3 Article 52 of Federal law «On Joint Stock Companies» and Section III of Order of the Federal Service for Financial Markets of Russia dated 02.02.2012 No. 12-6/ПЗ-Н "On Approval of the Terms of Reference on Supplementary Requirements Relating To the Procedure of Preparing, Convening and Holding the Shareholders' General Meeting. The requirement of the Code regarding provision in advance of the shareholders' general meeting of the supplementary information and the materials on the agenda items will be complied with when preparing for the Shareholders' Annual General Meeting in 2015.</p>
1.1.2.	<p>The Company has assumed the obligations to provide to the shareholders in the course of preparation and the holding of the shareholders' general meeting an opportunity of asking questions about the Company's activities which they pose to the members of the Company's governing and control bodies, the members of the Audit Committee, the Chief Accountant of the Company as well as candidate members of the governing and control bodies. The above obligations have been enshrined in the Charter or the internal documents of the Company</p>	<p>Complied with</p>	<p>Items 7.4.10-7.4.11 of the Terms of Reference on KAMAZ OJSC Shareholders' General Meeting.</p>
1.1.3.	<p>The Company has assumed the obligations to</p>	<p>Complied with partially</p>	<p>The Company does not have any documents which</p>

	adhere to the principle of it being unacceptable to take such actions as result in artificial re-carving (redistribution) of corporate control (for example, voting with «quasi-treasury» shares). The subject obligations have been enshrined in the Charter or in the internal documents of the Company.		contain a ban on voting with «quasi-treasury» shares, due to the existing law lacking the provisions under which voting with «quasi-treasury» shares cannot be carried out.
1.1.4.	In the Charter of the Company, the period during which the shareholders are allowed to advance proposals regarding the agenda items of the annual general meeting has been increased from 30 days envisaged by the law to 60 days after the end of the calendar year	Complied with	Under Item 9.5 of the Charter of KAMAZ OJSC, the items for the agenda of the Shareholders' Annual General Meeting shall be advanced no later than 60 days after the end of the financial year.
1.1.5.	The procedure practiced by the Company for registration of the participants in the general meeting must not create obstacles for participation in the meeting by any shareholder and must be specified in detail in the Company's internal documents. It is recommended that the internal document regulating the preparation and the holding of the general meeting should provide an exhaustive list of the documents subject to production to the counting commission for check-in.	Complied with	Item 7.2 of the Terms of Reference on KAMAZ OJSC Shareholders' General Meeting specifies a detailed procedure of checking in the participants in the meeting, besides that, in the communications about the holding of the meeting posted on the web site the information about the documents produced for check-in of the participants in the meeting is also disclosed.
1.2	The shareholders must be given an equal and equitable opportunity of sharing in the Company's profit by obtaining dividends		
1.2.1.	<p>The Company has had an internal document approved, laying down the Company's dividend policy, consistent with the recommendations of the Corporate Governance Code and which, among other things, prescribes:</p> <p>the procedure of determining a portion of net profit (for the companies which prepare consolidated financial statements, - minimum part (portion) of the consolidated net profit), channeled towards paying dividends, the terms and conditions given compliance with which dividends are announced;</p> <p>minimum amount of dividends on the Company's shares of various classes (types);</p>	Complied with partially	<p>Operating at the Company are the Terms of Reference on the Dividend Policy of KAMAZ OJSC (hereinafter referred to as the Terms of Reference), approved by the Board of Directors of KAMAZ OJSC dated 21.05.2014 (Minutes No. 3).</p> <p>The Terms of Reference stipulate that up to 25 percent of the Company's net profit can be directed towards disbursement of dividends. Having said that, the Company is under obligation to strike a balance between the allocation of profit towards payment of dividends and the funding of effective investment projects.</p>

	obligation to disclose the document which sets forth the Company's dividend policy on the Company's web site	Complied with	Item 6.1. of the Terms of Reference speaks of the obligation to post these Terms of Reference on the Company's pages in the Internet.
1.2.2.	Eliminating use by shareholders of other methods of obtaining profit (income) at the expense of the Company, apart from dividends and liquidation value. It is recommended that the Company take all possible steps aimed at preventing the persons who control the Company from obtaining profit (income) at the Company's expenses by other means, for example, using transfer pricing, by means of internal loans which substitute dividends or unjustified provision to the Company of services by the controlling person at overstated prices as well as in other similar ways.	Complied with	The persons who control the Company obtain profit (income) at the expense of the Company by obtaining dividends only.
<b>II. The Board of Directors of the Company</b>			
2.1	The Company's Board of Directors shall identify the key strategic targets for the Company's operations for the long term perspective, the key performance indicators of the Company, shall carry out the strategic governance of the Company, shall determine the main principles and approaches to organizing, within the Company, risk management system and internal control system, shall control the activities of the Company's executive bodies, shall lay down the policy of the Company in respect of remunerations payable to the members of the board of directors and the executive bodies as well as shall implement other key functions		
2.1.1.	<p>The Company has constituted the board of directors, which:</p> <p>shall identify the strategic targets of the Company's operations for the long terms perspective, the Company's key performance indicators;</p> <p>shall control the activities of the Company's executive bodies;</p>	Complied with	<p>Section 10 of the Charter of KAMAZ OJSC and the Terms of Reference on the Board of Directors of KAMAZ OJSC, approved by KAMAZ OJSC Shareholders' Annual General Meeting dated 27.06.2014, establish the status, the procedure of constituting and competence of the Board of Directors of KAMAZ OJSC. The Board of Directors:</p> <ul style="list-style-type: none"> <li>- shall approve the Business Plan of KAMAZ OJSC Group of Organizations (Consolidated Business Plan of KAMAZ OJSC and subsidiaries, as well as dependent organizations of the Company);</li> <li>- no rarer than once every 6 months shall listen to the report of the Company's executive bodies on implementation of the decisions taken by the Board of</li> </ul>

	<p>shall lay down the principles and approaches to organizing risk management and internal control within the Company;</p> <p>shall determine the Company's policy in respect of remunerations payable to the members of the board of directors, executive bodies and other key management team members of the Company</p>		<p>Directors;</p> <ul style="list-style-type: none"> <li>- shall approve the policy of internal audit, the internal control policy, the risk management policy, compliance program and other internal documents of the Company;</li> <li>- shall approve the terms and conditions of the employment contract for the General Director (CEO) and the members of the Company's Management Board, the setting of the amounts of remunerations and compensations payable to them.</li> </ul> <p>The remuneration payable to the members of the Board of Directors shall be disbursed on the basis of the Terms of Reference on Remunerations and Compensations Payable to the Members of the Board of Directors of KAMAZ OJSC, approved by KAMAZ OJSC Shareholders' Annual General Meeting.</p>
2.1.2.	The Board of Directors shall exercise control over the corporate governance policy in the Company and play a key role in the Company's essential corporate events.	Complied with	Item 2.2.29. of the Terms of Reference on the Board of Directors of KAMAZ OJSC refers to the competence of the Board of Directors, consideration of the report on the organization and the functioning of the corporate governance system.
2.2.	The Board of Directors shall be an effective and professional governing body of the Company, capable of issuing unbiased independent opinions and passing the decisions which correspond to the Company's interests and its shareholders. The chairman of the Board of Directors shall facilitate the most effective performance of the functions assigned to the Board of Directors. Meetings of the Board of Directors, preparation for them and participation in them by the members of the Board of Directors must ensure effective activities of the Board of Directors		
2.2.1.	The Chairman of the Board of Directors shall be an independent director or among the elected independent a senior independent director shall be indentified who is to coordinate the work of independent directors and interface with the Chairman of the Board of Directors	Complied with	A representative of the shareholder owning 49.9% of the shares was elected Chairman of the Board of Directors of KAMAZ OJSC. An independent director was elected Chairman of the Budget and Audit Committee of the Board of Directors, independent directors of the Company sit on the Committee.
2.2.2.	The Company's internal documents establish the procedure of preparing and holding meetings of the Board of Directors, which ensures that the members of the Board of Directors have an opportunity of property preparing for their holding and which contemplates, in particular:	Complied with	Item 7.8 of the Terms of Reference on the Board of Directors of KAMAZ OJSC provides that the notice that a meeting of the Board of Directors is being called is sent to each member of the Board of Directors in written form no later than 10 calendar days before the appointed date of the meeting.

	<p>the timing for notification of the members of the Board of Directors of the upcoming meeting;</p> <p>the timing for transmission of the documents (ballots) for voting and receipt of completed documents (ballots) when meetings are held in physical attendance format;</p> <p>the possibility of sending the written opinion on the agenda items of the members of the Board of Directors absent from physical attendance meetings and having it taken into account;</p> <p>the possibility of discussing and voting via conference call and video conference link</p>		<p>Attached to the notice are the materials necessary for preliminary consideration by the members of the Board of Directors and drafts of the relevant resolutions of the Board of Directors.</p> <p>Item 7.15. of the Terms of Reference on the Board of Directors of KAMAZ OJSC establishes that when determining whether there is quorum in existence as well as determining the voting results at the meeting of the Company's Board of Directors the written opinion of a member of the Board of Directors of the Company on the agenda items is taken into account, who is absent from the meeting of the Company's Board of Directors.</p> <p>The members of the Board of Directors can participate in the proceedings of the meetings of the Board of Directors by conference call (audio or video call) (Item 7.12 of the Terms of Reference).</p>
2.2.3.	The most important issues are to be dealt with at the meetings of the board of Directors held in physical attendance format. The list of such issues corresponds to the recommendations of the Corporate Governance Code <sup>1</sup>	Complied with	The meetings of the Board of Directors of KAMAZ OJSC on the most important issues are held in physical attendance format.
2.3.	The composition of the Board of Directors is to comprise a sufficient number of independent Directors		
2.3.1.	Independent Directors are to account for no less than one third of the elected composition of the Board of Directors	Not complied with	There are two independent Directors on the Board of Directors of KAMAZ OJSC. Elected to the Board of Directors of KAMAZ OJSC are the persons possessed of high professionalism, capable of issuing unbiased independent opinions which correspond to the Company's interests and those of its shareholders.
2.3.2.	The Independent Director, to the full extent, meet the independence criteria, recommended by the Corporate Governance Code	Complied with	All the Independent Directors meet the independence criteria recommended by the Corporate Governance Code
2.3.3.	The Board of Directors (committee on nominations (human resources, appointments)) assesses conformity of candidate members of the	Complied with	The Human Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC assesses independence of the members of the Board of Directors

<sup>1</sup> Specified in Item 168 Part B of the Corporate Governance Code

	board of directors to the independence criteria		and candidate members of the Board of Directors pursuant to Item 2.2.1 of the Terms of Reference on Human Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC.
2.4.	The Board of Directors must create committees for preliminary review of the most important issues of the Company's activities		
2.4.1.	The Company's Board of Directors has set up the audit committee, composed of independent members whose functions have been firmed up in the internal documents and correspond to the recommendations of the Corporate Governance Code <sup>3</sup>	Complied with partially	The Board of Directors has set up the Budget an Audit Committee composed of two independent Directors and one non-executive Director. It is planned that in September 2015 the Terms of Reference on the Budget and Audit Committee of the Board of Directors will be aligned with the requirements of the Corporate Governance Code.
2.4.2.	The Company's Board of Directors has set up the Remunerations Committee (can be combined with the committee on nominations (human resources, appointments)), made up of independent Directors, whose functions correspond to the recommendations of the Corporate Governance Code <sup>4</sup>	Complied with partially	The Human Resources and Remunerations Committee of the Board of Directors has been set up composed of three non-executive Directors.
2.4.3.	The Company's Board of Directors has set up the Committee on nominations (human resources, appointments) (can be combined with the committee on remunerations), the majority of whose members are independent Directors whose functions correspond to the recommendations of the Corporate Governance Code <sup>5</sup>	Complied with partially	The Board of Directors has set up the Human Resources and Remunerations Committee composed of three non-executive Directors.
2.4.4.	If necessary, on temporary or standing basis, experts and consultants are retained to work on the committees who are not entitled to vote when decisions are passed on the issues of the committee's competence.	Complied with	Pursuant to Item 3.5. of the Terms of Reference on the Budget and Audit Committee of the Board of Directors as well as pursuant to Item 3.5. of the Terms of Reference on Human Resources and Remunerations of the Board of Directors, the Committees are entitled to retain to be involved in their activities employees of the Company and experts who are not members of the Committee and who possess the required qualifications and experience for the purpose of the Committee's activities.
2.5.	The Board of Directors must ensure that assessment is made of the quality of work done by the Board of Directors and its committees as well as the members of the Board of Directors		
2.5.1.	Assessment of the quality of work done by the	Complied with	As per Item 2.2 of the Terms of Reference on the Human

	<p>Board of Directors is to be made on a regular basis no rarer than once a year, besides, no rarer than once every three years such an assessment is to be made by engaging an external organization</p>		<p>Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC, the following tasks are assigned to the Human Resources and Remunerations Committee:</p> <ul style="list-style-type: none"> <li>- organization of annual conduct of self-assessment (or external assessment) of the Board of Directors and its committees, individual contribution made by the members of the Board of Directors to the work of the Board of Directors and its committees;</li> <li>- consideration of the issues bearing on improvement of the activities of the Board of Directors and its committees based on the results of self-assessment (or external assessment) conducted and preparation of relevant information to be included into the Annual Report and other documents of the Company</li> <li>- annual assessment of the efficiency of work done by the Board of Directors and its members, identification of priority activities to strengthen the composition of the Board of Directors.</li> </ul>
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### III. The Company's Corporate Secretary

3.1	<p>Efficient current interaction with the shareholders, coordination of the Company's actions with respect to protection of the shareholders' rights and interests, support of effective work of the Board of Directors is provided by the Corporate Secretary (dedicated structural division headed by the Corporate Secretary)</p>		
3.1.1.	<p>The Corporate Secretary shall be answerable to the Board of Directors, shall be appointed and removed from this position by the resolution or with the consent of the Board of Directors</p>	<p>Not complied with</p>	<p>The Corporate Secretary's functions are performed by the Deputy General Director – Corporate Director on the basis of <a href="#">Executive Order of the General Director dated 15.08.2014 No. 197</a> «On the Setting-Up of the Division of the Deputy General Director, KAMAZ OJSC – Corporate Director». This will be rectified after introduction of amendments to the Charter in July 2015.</p>
3.1.2.	<p>The Company has approved an internal document which determines the rights and obligations of the Corporate Secretary (Terms of Reference on the Corporate Secretary), whose contents correspond to the recommendations of the Corporate Governance Code<sup>6</sup></p>	<p>Not complied with</p>	<p>The Company has approved the Terms of Reference on the Group for Dealings in Securities, Shareholders and Insiders Relations of the Division of Deputy General Director of KAMAZ OJSC - Corporate Director. This Group is a structural division of KAMAZ OJSC with administrative subordination to the Deputy General Director of KAMAZ OJSC - Corporate Director. This</p>

			will be rectified after introduction of amendments to the Charter.
3.1.3.	The Corporate Secretary shall take the position which is not combined with the performance of other functions in the Company. The Corporate Secretary is invested with the functions in line with the recommendations of the Corporate Governance Code. <sup>7</sup> The Corporate Secretary shall have sufficient resources available to him or her to be able to carry out his or her functions	Not complied with	The functions of the Corporate Secretary are being carried out by the Deputy General Director – Corporate Director on the basis of <a href="#">Executive Order of the General Director dated 15.08.2014 No. 197</a> «On the Setting-Up of the Division of the Deputy General Director of KAMAZ OJSC - Corporate Secretary». This will be rectified after introduction of amendments to the Charter.
<b>IV. Remuneration System for the Members of the Board of Directors, the Executive Bodies and Other Key Management Members of the Company</b>			
4.1.	The level of the remuneration paid by the Company must be sufficient to recruit, motivate and retain the persons who possess the competence and qualifications necessary for the Company. Payment of remuneration to the members of the Board of Directors, the executive bodies and other key management members must be made pursuant to the remuneration policy approved by the Company		
4.1.1.	The Company has regimented all payments, benefits and privileges provided to the members of the Board of Directors, the executive bodies and other key management members of the Company	Complied with	<p>Payments to the members of the Board of Directors of KAMAZ OJSC are regimented by the Terms of Reference on Remunerations and Compensations Payable to the Members of the Board of Directors of KAMAZ OJSC, approved by KAMAZ OJSC Shareholders' Annual General Meeting dated 26.06.2007.</p> <p>The terms and conditions of the employment contracts with the General Director and the members of the Management Board of KAMAZ OJSC, including remunerations and compensations, pursuant to the Terms of Reference on the Board of Directors are determined by the Board of Directors of KAMAZ OJSC.</p> <p>To motivate the General Director, the members of the Management Board and the issuer's managers a remuneration is paid which is to be determined based on the amount of net profit for the year under review as a calculated value.</p> <p>The remuneration accrues depending on achievement of the performance indicators of KAMAZ OJSC Organizations:</p>

			<ul style="list-style-type: none"> <li>• net profit;</li> <li>• revenues (receipts) from product sales, sale of goods and services.</li> </ul> <p>This practice ensures necessary motivation of the members of the executive bodies in raising the performance efficiency of KAMAZ OJSC, in its long term development and is in harmony with the interests of the shareholders in KAMAZ OJSC.</p>
4.2.	Remuneration system of the members of the Board of Directors must make sure that the Directors' financial interests are aligned with the shareholders' long term financial interests		
4.2.1.	The Company does not practice any other forms of cash remuneration payable to the members of the Board of Directors except for annual financial remuneration	Complied with	Pursuant to the Terms of Reference on Remunerations and Compensations Payable to the Members of the Board of Directors of KAMAZ OJSC, approved by KAMAZ OJSC Shareholders' Annual General Meeting dated 26.06.2007, the form of remuneration for the members of the Company's Board of Directors shall be payment of cash consideration based on the year end results to be determined depending on the constant value and taking into account personal participation coefficient.
4.2.2.	At the Company, the members of the Board of Directors are not given the opportunity of participating in option programs and the right to sell the Company's shares which they own is not predicated on the achievement of certain performance indicators	Complied with	There are no provisions in the internal documents of KAMAZ OJSC regarding provision of the opportunity of the members of the Board of Directors participating in the option programs and the right to sell the Company's shares that they own predicated on the achievement of certain performance indicators.
4.2.3.	It is not recommended that any additional payments or compensations be provided in the case of early termination of the Board of Directors members' powers as a result of change of control over the Company or as a result of other circumstances.	Complied with	There are no provisions in the internal documents of KAMAZ OJSC which provide for any additional payments or compensations in the case of early termination of the Board of Directors members' powers as a result of change of control over the Company or as a result of other circumstances.
4.3.	Remuneration system of the executive bodies and other key management members of the Company must make remuneration dependent on the Company's performance result and their personal contribution to achieving this result		
4.3.1.	The Company has implemented a program for long term motivation of the members of the executive bodies and other key management staff of	Complied with	Operating in the Company are the Terms of Reference on the Forms and Conditions for Motivation of the Members of the Collegiate

	the Company		Executive and Single Person Executive Bodies of KAMAZ OJSC approved by the Board of Directors of KAMAZ OJSC dated 20.12.2002
<b>V. Risk Management and Internal Control System</b>			
5.1.	There must be created in the Company an efficiently functioning system for risk management and internal control aimed at ensuring reasonable confidence that the goals facing the Company will be attained		
5.1.1.	The Board of Directors has determined the principles and approaches to organizing and putting in place the risk management and internal control system in the Company	Complied with partially	The principles and approaches have been determined in the Terms of Reference on the Internal Control approved by the Board of directors of KAMAZ OJSC (Minutes dated 11.03.2011 No. 2) and the Manual on the Risk Management System reviewed by the Budget and Audit Committee of the Board of Directors of KAMAZ OJSC and approved by the General Director of KAMAZ JSC (Order dated 19.06.2013 No. 148). A review of the draft Policy of Internal Control and Risk Management by the Board of Directors of KAMAZ OJSC is being planned.
5.1.2.	The Company has created a separate structural division for risk management and internal control	Complied with	The tasks of the separate structural division for risk management and internal control are being accomplished by the Internal Audit Unit of the group for Internal Audit and Compliance set up by Executive Order of the General Director of KAMAZ OJSC dated 17.07.2012 No.151.
5.1.3.	The Company has developed and implemented the anti-corruption policy of the Company which determines the measures aimed at shaping elements of corporate culture, the organizational structure (chart), regulations and procedures which ensure that corruption is not permitted	Complied with	List of the measures aimed at reducing the risks in compliance area (Phase 3) was approved by the Board of Directors of KAMAZ OJSC (Minutes No. 6 dated 10.09.2013). Check of the efficiency of the measures is made as part of internal audits.
Additional to Item 5.1.4.	The Company has organized a safe, confidential and accessible method (hot line) of reporting to the internal audit divisions of acts of law violations, violations of internal procedures, the Company's code of ethics by any of its employees and or any member of the governing body or the body of control over financial and business activities of the Company	Complied with	Functioning in the Company is the «Hot line», which represents a set of organizational measures and technical facilities giving the employees of the KAMAZ OJSC Group of Organizations as well as other persons the opportunity of contacting the hot line with reports of acts of violations in the compliance area and corruption related violations in KAMAZ OJSC Group of Organizations.
5.2.	For the purpose of systemic independent appraisal of reliability and efficiency of the risk management and internal control system and corporate		

	governance practice, the Company must organize conduct of internal audit.		
5.2.1.	<p>The Company has formed a separate structural division which performs the functions of internal audit, is functionally subordinated to the Company's Board of Directors. The functions of the said division correspond to the recommendations of the Corporate Governance Code and referred to such functions, specifically speaking, are the following ones:</p> <ul style="list-style-type: none"> <li>appraisal of the efficiency of the internal control system;</li> <li>appraisal of the efficiency of the risk management system;</li> <li>appraisal of corporate governance (in case there is no corporate governance committee)</li> </ul>	Complied with	<p>The functions of appraising the efficiency of the internal control system, risk management and corporate governance system are carried out by the Internal Control Unit of the group for Internal Audit and Compliance which is functionally accountable to the Budget and Audit Committee of the Board of Directors.</p> <p>(Terms of Reference on the Group approved by Executive Order of the General Director of KAMAZ OJSC dated 02.11.2012 No. 261). See Item 5.2.2 and Item 5.2.3.</p>
5.2.2.	<p>The Chief of the division for internal audit is accountable to the Company's Board of Directors, is appointed and removed from this position by resolution of the Company's Board of Directors</p>	Complied with partially	<p>Competence of the Board of Directors of KAMAZ OJSC includes approval of the appointment and removal from the position held of the Chief of the Group for Internal Audit and Compliance as recommended by the General Director of KAMAZ OJSC.</p> <p>The Chief of the Group for Internal Audit and Compliance in his or her activities is functionally answerable to the Budget and Audit Committee of the Board of Directors. This discrepancy will be rectified. The above mentioned matter is planned to be considered by a meeting of the Board of Directors in 2015.</p>
5.2.3.	<p>The Company has approved the policy in the area of internal audit (Terms of Reference on Internal Audit), which determines the aims, tasks and functions of internal audit</p>	Complied with	<p>The Terms of Reference on the Group for Internal Audit and Compliance which envisage the aims, tasks and powers of the internal audit function were approved by the Executive Order of the General Director. Also the Board of Directors approved the Terms of Reference on Internal Control over Financial and Business Activities of KAMAZ OJSC and the Organizations of KAMAZ OJSC. The plan is for the Board of Directors of the Company to review the draft Terms of Reference on Internal Audit in 2015.</p>

<b>VI. Disclosure of the Information About the Company, the Company's Information/Communication Policy</b>			
6.1.	The Company and its activities must be transparent for the shareholders, investors and other interested parties		
6.1.1.	<p>The Company has approved an internal document which prescribes the communication policy of the Company consistent with the recommendations of the Corporate Governance Code. The Company's Communication Policy involves the following methods of interacting with investors and other interested parties:</p> <p>organization of a special page of the Company's web site which features answers to frequently asked questions of the shareholders and investors, regularly updated calendar of the Company's corporate events as well as other useful information for the shareholders and investors;</p> <p>regular holding of meetings between members of the executive bodies and other key management members of the Company with analysts;</p> <p>regular holding of presentations (including those in the form of telephone conferences, web-casts) and meetings with the participation of the members of the governing bodies and other key management members of the Company, including those which accompany publication of the Company's accounts (financial statements) or in connection with the main investment projects and the Company's strategic development plans</p>	<p>Complied with</p> <p>Complied with</p> <p>Complied with</p> <p>Complied with</p>	<p>Operating within the Company are the Terms of Reference on the Communication Policy of KAMAZ OJSC approved by the Board of Directors of KAMAZ OJSC dated 19.12.2012 (Minutes No. 8).</p> <p>Posted on the page of the Company's web site <a href="http://kamaz.ru/investors-and-shareholders/">http://kamaz.ru/investors-and-shareholders/</a> are frequently asked questions of the Company's shareholders and the calendar of corporate events as well as other useful information.</p> <p>Regular meetings are held between the members of the executive bodies and other key management members of the Company and analysts.</p> <p>The Company publishes press releases on the results of adoption of the resolutions by the Company's governing bodies, the web site features the information about significant events in the Company's activities.</p>
6.1.2.	Implementation of the Company's communication policy is handled by the Company's executive bodies. Control over proper disclosure of information and compliance with the communication policy is exercised by the Company's Board of Directors	Complied with	Implementation of the Company's communication policy is handled by the General Director. Control over compliance with it is exercised by the Board of Directors
6.1.3.	The Company has instituted the procedures which	Complied with	Executive Orders signed by the General Director of

	procure coordination of the work done by all the groups and structural divisions of the Company related to disclosure of information or whose activities may result in the need to disclose the information		KAMAZ OJSC No. 69 dated 29.03.2012 «On the Procedure of Disclosing Information» and No. 70 dated 26.03.2013 «On Publication of Particulars in the Unified Federal Register of Particulars on the Acts of Legal Entities' Activities» determine the procedure of interaction between the structural divisions of KAMAZ OJSC when the information is disclosed.
6.1.4.	Disclosure by the Company of the information about the corporate governance system and practice, including detailed information about compliance with the principles and recommendations of the Corporate Governance Code	Complied with	The information is disclosed as part of the Annual Report of KAMAZ OJSC.
6.2.	The Company must disclose in due time full, up-to-date and truthful information about the Company to make sure that the Company's shareholders and investors are able to take justified decisions		
6.2.1.	If there is a considerable proportion of foreign investors in the Company's capital, it is ensured that, parallel to disclosure of the information in the Russian language, the most essential information about the Company (including the communications about the holding of the Shareholders' General Meeting, the Company's Annual Report) is disclosed in the foreign language which is common in the financial market	Complied with	The information is disclosed in the English version of the web site of KAMAZ OJSC.
6.2.2.	The Company procures that it discloses information not only about itself but also about the legal entities under its control and which are of essential importance to it	Complied with	Disclosure is made in the form of the issuer's quarterly report and in the form of communications about essential facts.
6.2.3.	The Company discloses its annual and interim (semi-annual) consolidated or individual financial statements prepared to the International Financial Reporting Standards (IFRS). The annual consolidated or individual financial statements are disclosed together with the auditors' opinion, while the interim (semi-annual) consolidated or individual financial statements are disclosed together with the report on the results of the auditors' review or auditors' opinion	Complied with	The Company discloses its annual and interim consolidated financial statements prepared to the IFRS within the time frame stipulated by the existing law.

6.2.4.	The Company has disclosed the special memorandum which contains the plans with respect to the Company of the person who controls the Company. The aforesaid memorandum has been prepared in keeping with the recommendations of the Corporate Governance Code <sup>8</sup>	Non-applicable	The Company does not have a controlling person.
6.2.5.	The Company procures that detailed information is disclosed about the curricula vitae of the members of the Board of Directors including the information about whether they are independent directors as well as efficient disclosure of information when a member of the Board of Directors loses his or her status of an independent director	Complied with partially	Brief information is contained in the «Corporate Governance» section of the Annual Report and as part of the issuer's quarterly report.
6.2.6.	The Company discloses the information about the capital structure in keeping with the recommendations of the Corporate Governance Code	Complied with	The information is disclosed on the web site of KAMAZ OJSC <a href="http://www.kamaz.ru">www.kamaz.ru</a> and in the Annual Report.
6.2.7.	<p>The Annual Report of the Company contains the additional information recommended by the Corporate Governance Code:</p> <p>A brief overview of the most essential transactions, including inter-related transactions, executed by the Company and the legal entities under its control for the last year;</p> <p>Report on the work done by the Board of Directors (including the committees of the Board of Directors) for the year, which contains, among other things, the information about the number of physical attendance (absentee) meetings, about the participation of each of the members of the Board of Directors in the meetings, description of the most significant issues and the most complicated problems considered at the meetings of the Board of Directors and the committees of the Board of Directors, principal recommendations which the committees gave the Board of Directors;</p> <p>Information about direct or indirect ownership by</p>	<p>Complied with</p> <p>Complied with partially</p> <p>Complied with</p>	<p>No essential transactions were concluded during the year under review.</p> <p>The information has been included into the «Corporate Governance » section of the Annual Report.</p>

	<p>members of the Board of Directors and the executive bodies of the Company of the Company's shares;</p> <p>Details about existence of the conflict of interest of the members of the Board of Directors and the executive bodies (including that related to the participation of the said persons in the governing bodies of competitors to the Company);</p> <p>Description of the system of remunerating the members of the Board of Directors, including the amount of individual remuneration based on the year end results for each member of the Board of Directors (with a breakdown into basic remuneration, additional remuneration for chairmanship (membership) of the committees under the auspices of the Board of Directors, the amount of participation in the long term motivation program, volume of participation of each member of the Board of Directors in the option program, if any), reimbursement for expenses connected with the participation in the Board of Directors as well as the expenses incurred by the Company in liability insurance of the Directors as members of the governing bodies;</p> <p>Information about the cumulative remuneration for the year:</p> <p>a) for a group of no fewer than five most highly paid members of the executive bodies and other key management members of the Company with a breakdown into each type of remuneration;</p> <p>b) for all the members of the executive bodies and other key management members of the Company to whom operation of the Company's policy in the area of remuneration extends, with a breakdown into each type of remuneration;</p> <p>information about remuneration for the year of the single person executive body who has gained or is expected to gain from the Company (legal entity</p>	<p>Complied with</p> <p>Complied with partially</p> <p>Complied with</p> <p>Complied with partially</p> <p>Not complied with</p>	<p>The information has been included into the «Corporate Governance » section of the Annual Report.</p> <p>The information has been included into the «Corporate Governance » section of the Annual Report.</p> <p>The information is given in brief with reference made to the Terms of Reference on Remunerations and Compensations Payable to the Members of the Board of Directors.</p> <p>Details are provided as to the cumulative remuneration of the members of the Management Board of KAMAZ OJSC with a breakdown by each member type of remuneration.</p> <p>Details are provided as to the cumulative remuneration of the members of the Management Board of KAMAZ OJSC with a breakdown by each member type of remuneration.</p> <p>Remunerations of the single person executive body are given as part of the remunerations of the members of the Management Board of KAMAZ OJSC in compliance with the law on personal particulars.</p>
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	from the group of organizations the Company is part of) with a breakdown into each type of remuneration both for his performance of the duties of the single person executive body and on other basis		
6.2.8.	<p>Along with the information foreseen by the law, it is recommended that the Company should additionally disclose:</p> <p>1) details about the mission, strategy, corporate values, tasks of the Company and the policies adopted by the Company;</p> <p>2) additional information about the Company's financial activities and financial status;</p> <p>3) details about the capital structure of the Company;</p> <p>4) details in the area of social and environmental responsibility of the Company.</p>	Complied with	Details are posted on the Company's web site <a href="http://www.kamaz.ru">www.kamaz.ru</a> and as part of the Annual Report of KAMAZ OJSC.
6.3.	Provision by the Company of the information and the documents at the shareholders' requests must be carried out pursuant to the principles of equal accessibility and unburdensomeness		
6.3.1.	In compliance with the Company's communication policy, the shareholders in the Company who own an equal number of voting shares are provided with equal access to the information and the documents of the Company	Complied with	Item 2.4 of the Terms of Reference on the Communication Policy of KAMAZ OJSC foresees provision of equal rights and opportunities of obtaining information for all the interested parties but for the exceptions provided by the law.
6.3.2.	The Company needs to establish the procedure of providing to the shareholders access to the Company's information and documents in the Company's communication policy. Such a procedure must be burdensome for the shareholders.	Complied with	Article 5 of the Terms of Reference on the Communication Policy of KAMAZ OJSC establishes the procedure of providing information to the shareholders in the Company.
<b>VII. Essential Corporate Actions</b>			
7.1.	The actions which to a great extent influence or may influence the equity structure and financial standing of the company and, respectively, on the position of the shareholders (essential corporate actions), must be taken on equitable basis, ensuring observance of the shareholders' rights and interests as well as those of interested parties		
7.1.1.	The Charter of the Company determines the list (criteria) of the transactions or other actions, which are essential corporate actions whose review is referred to the competence of the Company's Board of Directors, including:		

	<p>reorganization of the Company, acquisition of 30 and more percent of the Company's voting shares (merger), increase or decrease in the Company's charter capital, listing and de-listing of the Company's shares;</p> <p>transactions involving sales of shares (stakes) in the legal entities controlled by the Company which are of essential importance to it, as a result of executing which the Company loses control over such legal entities;</p> <p>transactions, including inter-related transactions, involving the Company's property or that of the legal entities controlled by it whose value exceeds the amount given in the Company's charter or which is of essential importance to the Company's business activities;</p> <p>setting up a legal entity controlled by the Company which is of essential importance for the Company's activities;</p>	<p>Complied with</p> <p>Complied with</p> <p>Complied with</p> <p>Complied with</p>	<p>Items 9.20.2, 9.20.7, 9.20.8 and 9.22 of the Charter of KAMAZ OJSC provide that the decisions to reorganize the Company and to decrease the charter capital are referred to the competence of KAMAZ OJSC Shareholders' General Meeting and shall be taken only by the proposal of the Company's Board of Directors pursuant to the existing law.</p> <p>Items 10.2.7 and 10.2.28 of the Charter of KAMAZ OJSC refer to the competence of the Board of Directors such matters as increase in the charter capital and declaration on the listing of the Company's shares.</p> <p>The issue of delisting the shares is referred to the competence of the Shareholders' General Meeting pursuant to the existing law.</p> <p>There are no cases of someone purchasing more than 30 percent of the Company's voting shares.</p> <p>Item 10.2.24 of the Charter of KAMAZ OJSC refers to the competence of the Board of Directors the approval of decisions to execute any actions which lead or may lead to reduction in the stake of the Company's participation in the legal entities in favor of automobile industry enterprises and (or) government authorities of foreign countries.</p> <p>Item 10.2.21 of the Company's Charter refers to the competence of the Board of Directors the approval of civil and legal transactions including the transactions involving alienation and (or) acquisition of real property in the amount of more than 10 percent of the book value of the Company's assets.</p> <p>Item 10.2.24 of the Charter of KAMAZ OJSC refers to the competence of the Board of Directors, the approval of the decisions for the Company to participate in legal entities</p>
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	alienation by the Company of treasury and «quasi-treasury» shares	Not complied with	<p>together with other persons which are automobile industry enterprises and (or) government authorities of foreign countries.</p> <p>Not complied with in connection with lack in the existing law of the provisions under which alienation of treasury and “quasi-treasury” shares is effected pursuant to the resolution of the Board of Directors.</p>
7.1.2.	It is recommended that the Charter of the Company should determine the list (criteria) of the transactions or other actions which are essential corporate actions and that a review of such actions should be referred to the competence of the Board of Directors of the Company.	Complied with	Items 10.2.21, 20.2.22, 10.2.24 and 10.2.26 determine the transactions concluded by the Company provided they are approved by the Board of Directors.
7.2.	The Company must ensure such a procedure of executing essential corporate actions as allows the shareholders to obtain in due time full information about such actions, provides them with an opportunity of influencing execution of such actions and guarantees observance and adequate level of protection of their rights when the execute such actions		
7.2.1.	<p>The Company’s internal documents establish the principles of providing equal conditions for all the Company’s shareholders when executing essential corporate actions, impacting the rights and legal interests of the shareholders, as well as foresee additional measures which protect the rights and legal interests of the Company’s shareholders contemplated by the Corporate Governance Code, including:</p> <p>engagement of an independent appraiser, who has impeccable reputation recognized in the market as well as experience in appraisals in the relevant area, or presentation of the rationale for non-engagement of an independent appraiser to determine the value of the property, to be alienated or acquired under a major transaction or an interested party transaction;</p> <p>determination of the Company shares’ price when they are acquired and bought out by an independent appraiser, who has an impeccable reputation recognized in the market and experience</p>	Complied with partially	<p>In the internal documents there is no information about engagement of an independent appraiser, but actually they are engaged when determining the value of property in the cases required by the Federal law «On Joint Stock Companies»</p> <p>There is no information in the internal documents regarding engagement of an independent appraiser, there</p>



Appendix 5. Information About the Issues Considered By the Budget and Audit Committee of the Board of Directors of KAMAZ OJSC for the Period Between January 1st and December 31st 2014

Date That the Meeting was Held	Wording of the Agenda Item of the Budget and Audit Committee of KAMAZ OJSC Board of Directors
05.02.2014 No. 1	<ol style="list-style-type: none"> <li>1. Regarding Completion of the Action Plan Aimed At Implementing Elements of the Compliance System in KAMAZ OJSC Group of Organizations and the Results of Checking the Functioning of the Compliance System.</li> <li>2. Regarding the Results of the Audit of Logistics Support.</li> <li>3. Regarding the Action Plans Aimed At Eliminating the Deficiencies Identified During the Audit of the Financial and Business Activities of KAMAZ-Energo LLC.</li> <li>4. Regarding Preliminary Results of Performance of the Year 2013 Business Plan of KAMAZ OJSC Group of Organizations.</li> <li>5. Regarding the Measures Aimed At Eliminating Deficiencies Established As A Result of the 2012 External Audit.</li> </ol>
27.02.2014 No. 2	<ol style="list-style-type: none"> <li>1. Regarding Approval of Addendum No. 7 To the Agreement on the Pledge of Movable property Dated August 30-th 2011 No. 110200/1103-Д3/2 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) Which Is an Interested Party Transaction.</li> </ol>
28.03.2014 No. 3	<ol style="list-style-type: none"> <li>1. Regarding Completion of Action Plans Aimed At Eliminating Deficiencies Identified During the Audit of Financial and Business Activities of KAMAZ Auto Spare Parts LLC.</li> <li>2. Regarding Work Safety, Industrial Sanitation, Environment Control and Social Environment Protection in KAMAZ OJSC Group of Organizations.</li> <li>3. Regarding the Financial Performance Results of KAMAZ OJSC Group of Organizations.</li> <li>4. Regarding the Results of Control Inspection To Check for Elimination of Essential Deficiencies Identified During the Conduct of the Audit of the Implementation of the Project «Implementing the Information System for Calendar Based Production Management of KAMAZ OJSC Group of Organizations.</li> <li>5. Regarding Preliminary Results of the Audit of IFRS Consolidated Statements of KAMAZ OJSC for the Year 2013.</li> </ol>

14.04.2014 No. 4	<ol style="list-style-type: none"> <li>1. Regarding the Auditors To Inspect Financial and Business Activities of KAMAZ OJSC and Regarding the Cost of Annual Audit of KAMAZ OJSC for the Year 2014.</li> <li>2. Regarding Approval of IFRS Consolidated Financial Statements for the Year 2013.</li> </ol>
21.05.2014 No. 5	<ol style="list-style-type: none"> <li>1. Report on Elimination of Essential Variances Identified By the Auditors for the Year 2013, Their Consequences and Reasons Why They Arose.</li> <li>2. Regarding Performance of the Year 2014 Business Plan of KAMAZ OJSC Group of Organizations for the Three Months.</li> <li>3. Regarding the Financial Results of KAMAZ OJSC Group of Organizations.</li> <li>4. Regarding Liability Insurance of the Members of the Board of Directors of KAMAZ OJSC, the Members of the Management Board of KAMAZ OJSC and the General Director of KAMAZ OJSC, Which Is an Interested Party Transaction.</li> <li>5. Regarding the Recommendations on Distribution of Profit of KAMAZ OJSC Based On the 2013 Results Including Payment of Dividends.</li> <li>6. Regarding the Proposals on Remuneration and Compensations Payable To the Members of the Auditing Board of KAMAZ OJSC.</li> <li>7. Regarding the Conclusion of Addendum No. 4 to Credit Agreement dated December 31-st 2010 No. 110100/1103 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> Which Is an Interested Party Transaction.</li> <li>8. Regarding Addendum No. 8 To Agreement on Pledge of Movable Property Dated August 30-th 2011 No. 110200/1103 – Д3/2 and Addendum No. 2 To Agreement on Pledge of Movable Property Dated May 13-th 2011 No.110200/1103–Д3 Between KAMAZ OJSC and Bank for Development and Foreign Economic Activities (Vnesheconombank) <i>State Corporation</i> Which Are Interested Party Transactions.</li> <li>9. Regarding the Results of the Internal Audit To Check Efficiency of the Internal Control System of the Sales Process.</li> <li>10. Assessing Efficiency of the Internal Control Procedures.</li> <li>11. Regarding Annual Accounts (Financial Statements) of KAMAZ OJSC.</li> <li>12. Regarding the Report on the Activities of the Budget and Audit Committee of KAMAZ OJSC Board of Directors.</li> <li>13. Regarding the Results of the Audit for the Year 2013. Evaluation of the Auditors' Opinion.</li> <li>14. Regarding the Results of the Inspection of the Functioning of the Compliance System Conducted By Ernest &amp; Young LLC.</li> <li>15. Commentaries of Ernest &amp; Young LLC Based On the Results of the High Level Analysis of the Internal Audit Function of KAMAZ OJSC</li> <li>16. Regarding the Final Results of the Audit of the Year 2013 IFRS Consolidated Statements of KAMAZ OJSC and Deficiencies of the Internal Control System of KAMAZ OJSC.</li> </ol>

27.08.2014 No. 6	Regarding Approval of the IFRS Interim Consolidated Financial Statements for the Six Months of 2014.
23.09.2014 No. 7	<ol style="list-style-type: none"> <li>1. Regarding the Work Plan of the Budget and Audit Committee of KAMAZ OJSC Board of Directors.</li> <li>2. Regarding the Performance of the Year 2014 Business Plan of KAMAZ OJSC Group of Organizations for the First Half of 2014.</li> <li>3. Regarding the Financial Results of KAMAZ OJSC Group of Organizations for the 8 Months of 2014.</li> <li>4. Regarding the Change in the Volume of Adjustments of the Movement and Balances of Goods and Tangible Assets.</li> <li>5. Regarding Consideration of the Proposals Relating To Performance of A Major Transaction (Group of Inter-Related Transactions) Involving the Company’s Placement of Securities – Exchange Tradable Bonds Series BO-07, Series BO-08, Series BO-09, Series BO-10, Series BO-11, Series O-12, Series BO-13, Series BO-14, Series BO-15.</li> <li>6. Regarding Consideration of the Proposals Relating To Performance of A Major Transaction (Group of Inter-Related Transactions) Between the Finance Ministry of the Russian Federation (Guarantor), Bank for Development and Foreign Economic Activities <i>State Corporation</i> (Vnesheconombank) (Agent and Payment Agent under Guarantee) and KAMAZ OJSC (Principal) Involving Conclusion of Agreements on Provision of State Guarantees of the Russian Federation with Respect to Issues of Exchange Tradable Bonds Series BO-07, Series BO-08, Series BO-09, Series BO-10, Series BO-11, Series BO-12, Series BO-13, Series BO-14, Series BO-15.</li> <li>7. Regarding Consideration of the Proposals Relating To Performance of the Transaction Between KAMAZ OJSC and NEFAZ OJSC Which Is an Interested Party Transaction.</li> <li>8. Regarding the Results of the Inspection Conducted By Ernst &amp; Young LLC of Efficiency of Implementation of the Measures Aimed At Reducing Compliance Risks (Phase 3) and Regarding Independence and Efficiency of the Compliance Function.</li> <li>9. Regarding the Results of Review of the IFRS Abbreviated Interim Consolidated Statements of KAMAZ OJSC for the First Half of the Year 2014.</li> </ol>
12.11.2014 No. 8	<ol style="list-style-type: none"> <li>1. Regarding the Procedure of Identifying the Organizations Controlled By KAMAZ OJSC Which Are of Essential Significance to KAMAZ OJSC.</li> <li>2. Regarding the Performance of the Year 2014 Business Plan of KAMAZ OJSC Group of Organizations for the Nine Months of 2014.</li> <li>3. Regarding the Group for Internal Audit and Compliance for 2015.</li> <li>4. Regarding Performance of the Measures Aimed At Eliminating Deficiencies Found Based On the Results of the External Audit for 2012 - 2013.</li> <li>5. Regarding the Results of the Inspection by Ernst &amp; Young LLC of Efficiency of Implementation of the Measures Aimed At Reducing Compliance Risks (Phase 3), and Regarding Independence and Efficiency of the Compliance Function.</li> <li>6. Regarding Implementation of Action Plan Aimed At Meeting the Recommendations of Ernst &amp; Young LLC Aimed At</li> </ol>

	<p>Improving the Internal Audit Function.</p> <p>7. Regarding the Strategic Development Plan, Regarding the Program of Guarantees and Quality Improvement and Regarding Achievements of the Internal Audit Function and Compliance Function.</p> <p>8. Regarding the Internal Audit Model and Regarding the Plan of the Activities of the Internal Audit in KAMAZ OJSC Group of Organizations for the Year 2015.</p> <p>9. Regarding Methodological Supervision of Internal Audit.</p>
<p>23.12.2014 No. 9</p>	<p>1. Financial Results of KAMAZ OJSC Group of Organizations for the Nine Months of 2014.</p> <p>2. Regarding Performance of the Year 2014 Business Plan of KAMAZ OJSC Group of Organizations for the Nine Months of 2014.</p> <p>3. Regarding the Year 2015 Business Plan of KAMAZ OJSC Group of Organizations.</p> <p>4. Regarding Organization and Functioning of the Risk Management System.</p> <p>5. Regarding the Results of the Control Inspection Conducted To Check Fulfilment of the Recommendations Based on the Results of the Internal Control System Audit.</p> <p>6. Regarding Introduction of Amendments To the Accounting Policy of KAMAZ OJSC for the Year 2015.</p> <p>7. Regarding the Measures Undertaken To Eliminate the Observations Made by the Auditors Regarding the Charter Capitals of the Subsidiaries of KAMAZ OJSC.</p> <p>8. Regarding the Results of Internal Audit of Efficiency of the Internal Control System in Personnel Management.</p> <p>9. Regarding Organization of Selection of an Auditing Organization for Performance of Annual Audit of KAMAZ OJSC and the Organizations Created with the Participation of KAMAZ OJSC for 2015-2017.</p> <p>10. Regarding the Results of the Intermediate Phase of the Audit of the Accounts (Financial Statements) for the Year 2014 and the Recommendations To the Management on Its Results.</p> <p>11. Regarding the Results of the Intermediate Phase of the Audit of the Consolidated Statements of KAMAZ Group for the Year 2014 and the Recommendations To the Management on Its Results.</p>

Appendix 6. Information About the Issues Considered by The Human Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC During the Period Between January 1-st and December 31-st 2014

Date That the Meeting was Held	Wording of the Agenda Item of the Human Resources and Remunerations Committee of KAMAZ OJSC Board of Directors
05.02.2014 No. 1	<ol style="list-style-type: none"> <li>1. Regarding Appointment of the General Director of KAMAZ OJSC.</li> <li>2. Regarding Appointment of the Members of the Management Board of KAMAZ OJSC.</li> </ol>
04.03.2014 No. 2	<ol style="list-style-type: none"> <li>1. Regarding the Proposals Made by the Shareholders to KAMAZ OJSC Shareholders' Annual General Meeting Relating To Candidate Members of the Board of Directors of KAMAZ OJSC.</li> </ol>
21.05.2014 No. 3	<ol style="list-style-type: none"> <li>1. Regarding Payment of Remunerations To the Members of the Board of Directors of KAMAZ OJSC Based On the Year 2013 Results.</li> <li>2. Regarding Liability Insurance of the Members of the Board of Directors of KAMAZ OJSC, the Members of the Management Board of KAMAZ OJSC and the General Director of KAMAZ OJSC.</li> <li>3. Regarding the Co-Holding by the Members of the Management Board of KAMAZ OJSC of Positions on the Governing Bodies of Other Organizations.</li> <li>4. Regarding Early Termination of the Powers of a Member of the Management Board of KAMAZ OJSC.</li> <li>5. Regarding the Report on the Activities of the Human Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC.</li> </ol>
19.09.2014 No. 4	<ol style="list-style-type: none"> <li>1. Regarding the Work Plan of the Human Resources and Remunerations Committee of the Board of Directors of KAMAZ OJSC.</li> <li>2. Regarding the Co-Holding by A Member of the Management Board of KAMAZ OJSC of Positions on the Governing Bodies of Other Organizations.</li> </ol>
22.09.2014 No. 5	Regarding Early Termination of the Powers of a Member of the Management Board of KAMAZ OJSC.
24.12.2014 No. 6	Regarding Independent Members on the Board of Directors of KAMAZ OJSC.

## Appendix 7. Information About Implementation of the Resolutions Passed By KAMAZ OJSC Shareholders' General Meetings Between January 1-st and December 31-st 2014

Date of the General Meeting and Minutes No.	Wording of the Agenda Item and Text of the Resolution	Status of Completion
27.06.2014 No. 36	<p><b>4. Regarding the Amount, Time Frame and Forms of Payment of Dividends Based on the Performance Results for the Year 2013.</b>            On the fourth agenda item «<b>Regarding the Amount, Time Frame and Forms of Payment of Dividends Based on the Performance Results for the Year 2013</b>», KAMAZ OJSC Shareholders' General Meeting approved the decision:            To pay, based on the performance results of KAMAZ OJSC for the year 2013, the dividends in the amount of 29 kopecks per share.            To set up the date of compiling the list of the persons entitled to receive dividends as July 17-th 2014.            - to determine the time for payment of dividends:            - to nominal holders – no later than July 31-st 2014;            - to other persons registered in the shareholders' register – no later than August 21-st 2014.            The dividends are to be paid in the announced amount in cash.            To perform the functions of a payment agent and technical performer, to engage STATUS Registration Company CJSC, Registrar of the Company (hereinafter referred to as the «Registrar»).</p> <p>Payment of dividends to the persons registered in the register is to be paid using non-cash procedure by the Registrar. Payment of dividends in cash form is to be made to physical persons whose rights to shares are accounted for in the register of Company's shareholders, by postal remittance of cash or by transferring cash to their bank accounts if such particulars are available in the registered person's questionnaire.            Payment of dividends to legal entities whose rights to the shares are accounted for in the register of the Company's shareholders, is to be made by transferring cash to their bank accounts.</p> <p><b>6. Regarding Payment of Remuneration for Service on the Board of Directors of KAMAZ OJSC to the Members of the Board of Directors of KAMAZ OJSC.</b>            On the sixth agenda item «<b>Regarding Payment of Remuneration for Service on the Board of Directors</b></p>	Completed.

