

Approved by the  
Extraordinary General  
Shareholders'  
Meeting of "Southern  
Telecommunications Company"  
PJSC on January 21, 2003.  
Minutes № of January 21,  
2003

Chairman of the General  
Shareholders' Meeting  
\_\_\_\_\_ V.L. Gorbachev

## **STATUTE**

**On the Board of Directors**

**Krasnodar  
2003**

## **1. General clauses**

- 1.1. Pursuant to the Civil Code of the Russian Federation, Federal law “On Joint Stock Companies” and the Charter of the Company the present Statute on the Board of Directors (hereinafter – the Statute) shall determine procedures of calling and conducting the meetings of the Board of Directors, size of remunerations and compensations to the members of the Board of Directors of the Company and order of their payment.
- 1.2. The Board of Directors is the collective governing body of the Company executing general management of its activity except for the issues referred by the federal legislation and the Charter of the Company to the exclusive competence of the General Shareholders’ Meeting.

## **2. Business Objectives and Principles of the Board of Directors**

- 2.1. Business objectives of the Board of Directors shall be gaining maximum profit, increasing assets value of the Company, protecting rights and interests of the shareholders, ensuring completeness, reliability and objectivity of the public information on the Company.
- 2.2. When realizing the business objectives the Board of Directors shall be obliged to follow the principles stated below:
  - adopting resolutions based on reliable information on the Company’s activity;
  - preventing limitation of the shareholders’ rights of participating in the management of the Company, receiving dividends and information on the Company;
  - reaching the balance the interests of different groups of shareholders and adopting the most objective resolutions in the interests of the Company shareholders.

## **Rights and Obligations of a Member of the Board of Directors, Order of Their Exercise**

- 3.1. Member of the Board of Directors shall have the right:
  - 3.1.1. to require any information on the Company’s activity from the Company officials including documents provided for by Article 89 of the Federal Law “On Joint Stock Companies” in accordance with the procedure set herein;
  - 3.1.2. to get remuneration and compensation of expenses related to execution of their functions of a member of the Board of Directors in cases and in amount provided for hereby;

- 3.1.3. to require insertion of his separate opinion on the agenda issues being approved in the Minutes of the Board of Directors' meeting.
- 3.2. Member of the Board of Directors shall meet the following obligations:
  - 3.2.1. to be loyal that is not to use his official position in the Company in the interests of other persons;
  - 3.2.2. to act within the limits of his rights in accordance with business objectives and principles of the Board of Directors;
  - 3.2.3. to act in favor of the Company reasonably and in good faith;
  - 3.2.4. not to disclose confidential information on the Company known by him;
  - 3.2.5. to initiate meetings of the Board of Directors for considering urgent issues;
  - 3.2.6. to take part in adopting resolutions of the Board of Directors by voting on agenda issues of its meetings;
  - 3.2.7. to take reasoned decisions, in relation with thereto to study all necessary information (materials);
  - 3.2.8. to estimate risks and ill effects when taking decisions;
  - 3.2.9. to inform the Company on his status of being an affiliated person and alterations in such status in good time;
  - 3.2.10. to inform the Board of Directors on future transactions with respect to which he may be declared an interested party (person concerned).
- 3.3. Activities of the member of the Board of Directors shall be performed on a permanent basis and shall not be limited to participation in adopting resolutions of the Board of Directors.
- 3.4. At the request of a member of the Board of Directors expressed in oral or written form the Company shall be obliged to provide him an unlimited access to information and materials stipulated by paragraph 3.1.1. hereof;  
The required information and materials shall be presented to the member of the Board of Directors within 5 (five) days from the date of request.  
At the request of a member of the Board of Directors the Company shall be obliged to give him the copies of all required documents.

#### **4. Chairman of the Board of Directors**

- 4.1. Chairman of the Board of Directors shall be elected by the members of the Board of Directors among its members at their first meeting by the majority of votes of the Board of Directors members taking part in it;
- 4.2. Person acting as individual executive organ of the Company shall not be at the same time the Chairman of the Board of Directors.

4.3. The Board of Directors shall have the right to reelect its Chairman at any time.

4.4. Members of the Board of Directors shall have the right to elect Vice-Chairman. Should the Chairman of the Board of Directors be absent, all his powers (including the power to sign documents) shall be delegated to the Vice-chairman, should the latter be absent too – to one of the members of the Board of Directors upon the resolution of the Board of Directors being approved by the majority of votes of the members taking part in the meeting.

4.5. Chairman of the Board of Directors shall arrange the work of the Board of Directors, call its meetings and preside there, organize the keeping of Minutes at the meetings.

4.6. Chairman of the Board of Directors shall not have the right to delegate his functions to other person.

## **5. Secretary of the Board of Directors**

5.1. Secretary of the Board of Directors shall be appointed by the members of the Board of Directors at their first meeting by the majority of votes of the Board of Directors members taking part in it.

5.2. Board of Directors shall have the right to release Secretary of the Board of Directors from his duties and appoint new Secretary of the Board of Directors.

5.3. Should the Secretary of the Board of Directors be absent, all his duties shall be performed by other person being approved by the majority of votes of the Board of Directors members taking part in the meeting.

Should Corporate Secretary of the Company be appointed pursuant to the resolution of the Board of Directors, duties of the Secretary of the Board of Directors shall be performed by Corporate Secretary of the Company.

5.4. Secretary of the Board of Directors shall have the right:

5.4.1. to require from the Company officials any information and documents necessary for preparation of materials on the agenda issues of the Board of Directors meetings;

5.4.2. to get remuneration and compensation of expenses related to execution of his functions of the Secretary of the Board of Directors in amount and in order set by the resolution of the Board of Directors;

5.5. Secretary of the Board of Directors shall have the responsibilities:

5.5.1. to take and keep minutes of the Board of Directors meetings;

5.5.2. to keep record of documents, to retain incoming documents and copies of outgoing documents of the Board of Directors;

- 5.5.3. to inform the members of the Board of Directors on the meetings of the Board of Directors in order and time set herein;
- 5.5.4. to mail materials necessary for consideration of the agenda issues of the Board of Directors meetings to the members of the Board of Directors in order and time set herein;
- 5.5.5. to execute other functions provided for by the present Statute.

## **6. Meeting of the Board of Directors**

6.1. Meeting of the Board of Directors shall be held in the form of joint personal presence ( including conference calls) or absentee voting (in absentia).

6.2. Meetings of the Board of Directors shall be held on a regular basis in accordance with schedule of work approved at the Board of Directors meeting. In case of need Board of Directors shall consider issues not included in the schedule of work.

6.3. Meeting of the Board of Directors shall be called by the Chairman of the Board of Directors on his own initiative, upon the request of a member of the Board of Directors, Auditing Commission, the Company Auditor, personal or collective executive organ as well as by request of a shareholder (shareholders) owning in the aggregate 5 (five) or more percent of the Company's voting shares.

6.4. Request for calling the meeting of the Board of Directors shall include the following information:

6.4.1. name of a person being initiator of the meeting as well as name of an organ or juridical person submitting the request.

6.4.2. number and type of shares owned by the shareholder being initiator of the meeting;

6.4.3. form of the meeting (in praesentia or in absentia);

6.4.4. date of the meeting to be held in praesentia or deadline for receiving written opinions of the Board of Directors members on the agenda issues in case of absentee voting;

6.4.5. agenda of the meeting;

6.4.6. list of information (materials) being provided to the members of the Board of Directors before the meeting;

In addition, request for calling the meeting of the Board of Directors may include the following information:

6.4.7. time and venue of the meeting to be held in the form of joint personal presence;

6.4.8. draft resolutions on the agenda issues;

6.4.9. other information at the discretion of the initiator of the meeting.

6.5. Notice of the meeting of the Board of Directors shall be mailed to each member of the Board of Directors together with all necessary materials 14 (fourteen) days before the date of the meeting at the latest.

Should the meeting of the Board of Directors be quickly convened pursuant to the applied legislation, period of notification shall be shortened.

Should the agenda of the meeting include the issue on the Company budget (its approval, correction or results of its realization), Notice of the meeting of the Board of Directors shall be mailed to the members of the Board of Directors together with all materials necessary for consideration of the aforesaid issue 20 (twenty) days before the date of the meeting to be held in the form of joint personal presence (deadline for receiving written opinions of the Board of Directors members on the agenda issues) at the latest.

Should none of the members of the Board of Directors have any objections, all the abovementioned notification periods shall be shortened in case of necessity to adopt resolutions on some urgent issues.

Notice of the meeting of the Board of Directors shall be forwarded to the members of the Board of Directors in written form or in other suitable for them form (including by post, cable, telex, telephone, e-mail or other).

Notice of the meeting of the Board of Directors shall include information specified in subparagraphs 6.4.3.-6.4.8. herein and the address to which the members of the Board of Directors may direct their written opinion.

Should the circumstances arise making the meeting of the Board of Directors impossible or difficult at venue or in time specified in the Notice, the Meeting with the same agenda shall be held at other place and (or) at different time.

All members of the Board of Directors shall be informed on new venue and (or) time of the meeting of the Board of Directors taking into account reasonable period of time necessary for the members of the Board of Directors to arrive. Notice of the aforementioned changes shall be forwarded to the members of the Board of Directors in any form that guarantees receipt of the Notice by the member of the Board of Directors at the address of his place of location or at the address of receiving correspondence by him.

The first (organizational) meeting of the Board of Directors shall be held without preliminary sending of notices at the date of the General Shareholders' Meeting having elected the Board of Directors (in case resolution on election of the members of the Board of Directors and voting results on this resolution being announced at the General Shareholders' Meeting).

6.6. Should the resolutions by the Board of Directors be adopted, the members of the Board of Directors shall be obliged to express their opinion on the agenda issues by means of voting.

6.7. Should the member of the Board of Directors not be present at the meeting in person, or should the meeting be held by absentee voting, the member of

the Board of Directors shall be obliged to express his opinion on the agenda issues in written form.

Should the written opinion of the member of the Board of Directors contain his voting instructions, his vote shall be taken into account when calculating the quorum and the voting results.

The member of the Board of Directors shall submit his written opinion before the opening of the meeting of the Board of Directors or before the deadline of receipt of written opinions of the Board of Directors members in case of the meeting being held by absentee voting.

- 6.8. The Chairman of the meeting shall be obliged to announce the written opinion of the member of the Board of Directors being absent from the meeting before the beginning of the voting on the agenda issue opinion on which having been submitted.

Should the submitted written opinion contain proposal of draft resolution being essentially different from the first one put to vote at the meeting, Secretary of the Board of Directors before executing the protocol shall familiarize the other members of the Board of Directors with the aforementioned proposal and ask to express their opinions on it by voting in written form or in any other suitable for them manner (including by post, cable, telex, telephone, e-mail or otherwise).

- 6.9. Should the resolution be adopted on the issue being preliminarily considered by the committees of the Board of Directors, the members of the Board of Directors shall have the opportunity to familiarize themselves with the conclusions (recommendations) of the respective committees.

- 6.10. Each member of the Board of Directors shall be entitled to cast one vote when approving resolutions at the meeting of the Company's Board of Directors.

Member of the Board of Directors shall not be entitled to delegate his voting right to any other person including other member of the Board of Directors. Should the members of the Board of Directors cast equal number of votes in favor of and against the resolution, the Chairman of the Board of Directors shall have the right of deciding vote.

- 6.11. Secretary of the Board of Directors shall keep minutes of the meeting of the Board of Directors.

Minutes of the Board of Directors shall be drawn up not later than 3 (three) days after the meeting being held in the form of joint personal presence (the deadline of the receipt of written opinions in case of absentee voting).

Minutes of the meeting shall include:

- Venue and time of the meeting being held in the form of joint personal presence or, in case of absentee voting, place of drawing up minutes and the

deadline of the receipt of written opinions of the members of the Board of Directors;

- Names of the persons being present at the meeting (if the meeting is held in the form of joint personal presence);
- Names of the persons having submitted their written opinions on the agenda issues;
- Agenda of the meeting;
- Issues put to vote and the voting results;
- Adopted resolutions.

Minutes of the Board of Directors meeting shall be signed by the Chairman of the meeting and the Secretary of the Board of Directors.

Should the written opinion of the Board of Directors member be taken into account when calculating the quorum and the voting results on the agenda issues, the written opinions on the agenda issues received from the members of the Board of Directors shall be attached to the Minutes as supplements.

The Company shall retain the Minutes of the Board of Directors meetings at the seat of its executive organ in order and during the period of time set by the federal body on securities' market. Should the period of time be not determined, the Company shall retain the Minutes of the Board of Directors meetings for the unlimited period of time.

The Company shall be obliged to provide access to the Minutes of the Board of Directors meetings to shareholders, members of the Board of Directors, Auditing Commission, the Company Auditor.

6.12. Should in accordance with the Company Charter the resolution be adopted by three quarters of votes of the Board of Directors members or unanimously without taking into account the votes of absent members of the Board of Directors, the absent members of the Board of Directors shall be considered those declared dead, missing and incapable.

## **7. Remuneration to the members of the Board of Directors and compensation of expenses relating to discharge of their duties**

7.1. Members of the Board of Directors of the Company shall receive remuneration and compensation of expenses relating to discharge of their duties as the members of the Board of Directors.

7.2. Remuneration of the members of the Board of Directors shall include quarterly and yearly remunerations.

7.3. Quarterly remuneration to each member of the Board of Directors shall be determined as percent of the Company net profit for the reporting quarter in accordance with the accounting reports of the Company.



Remuneration to the Chairman of the Board of Directors shall be set with a raising coefficient 1.3.

Remuneration to a member of the Board of Directors shall be decreased by:

30 percent – should he be present at less than a half of the Board of Directors meetings being held in the form of joint personal presence;

100 percent – should he be present at less than a half of all the Board of Directors meetings being held.

Remuneration for the quarter in which the Board of Directors has been reelected shall be paid to the members of the Board of Directors in proportion to the number of days being worked out in the quarter.

7.4. Yearly remuneration to all member of the Board of Directors shall be determined as percent of the Company net profit for the reporting year in accordance with the accounting reports of the Company.

Size of yearly remuneration to each member of the Board of Directors shall be approved by the General Shareholders' Meeting at one time with preliminary approval of the Company annual report.

7.5. Percent of deductions for calculation of the size of quarterly and yearly remunerations shall be determined by the resolution of the General Shareholders' Meeting electing the present membership of the Board of Directors.

7.6. Members of the Board of Directors shall have the right to take part in optional programs of the Company.

## **8. Procedure for approving the Statute and making amendments into it.**

8.1. The present Statute shall be approved at the General Shareholders' Meeting by the majority of votes of the shareholders – holders of the Company voting shares.

8.2. Amendments and supplements to the present Statute shall be approved at the General Shareholders' Meeting by the majority of votes of the shareholders – holders of the Company voting shares.

8.3. Should the changes of the legislation of the Russian Federation or the Company Charter result in contradiction with provisions set by the Articles of the present Statute, the Statute shall be valid in the part not contradicting the effective legislation and the Company Charter.