

**APPROVED**

**by the General Meeting of Shareholders  
of Mobile TeleSystems OJSC  
June 27, 2012, Minutes No. \_\_\_\_**

**REGULATIONS  
ON THE BOARD OF DIRECTORS  
of  
Mobile TeleSystems  
Open Joint Stock Company  
(version 6)**

MOSCOW 2012

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## **1. General**

- 1.1 The Regulations on the Board of Directors of Mobile TeleSystems Open Joint Stock Company (hereinafter the “Regulations”) has been developed in accordance with the laws of the Russian Federation and the Charter of Mobile TeleSystems Open Joint Stock Company (hereinafter the “Company”).
- 1.2 The Regulations establishes the procedure for forming the Board of Directors, the composition, functions, goals and objectives, and powers of the Board of Directors, and the manner of its work and interaction with the Company’s other management bodies.
- 1.3 The Regulations shall be approved by the General Meeting of Shareholders of the Company and may be amended, supplemented, or cancelled only by resolution of that management body of the Company.
- 1.4 The Board of Directors is the Company’s collective management body. It shall provide overall management of the Company’s operations, with the exception of decisions on matters within the competence of the General Meeting of Shareholders, and shall be governed by the laws of the Russian Federation, the Charter of the Company, resolutions of its General Meetings of Shareholders, the Regulations, and other internal regulations of the Company.
- 1.5 The Board of Directors shall be bound, within its competence, to comply with the resolutions of the General Meeting of Shareholders.
- 1.6 Resolutions of the Board of Directors shall be binding upon the Company’s Executive Bodies.

## **2. Goals and objectives of the Board of Directors. Rights, duties, and liability of Board of Directors members. Formation of the Board of Directors.**

### **2.1. Goals and objectives of the Board of Directors**

2.1.1 The main goals of the Board of Directors shall be to:

- 1) develop and analyze overall corporate strategy and monitor its implementation;
- 2) monitor and evaluate the performance of the Company’s executive bodies and senior officers;
- 3) increase the capitalization of the Company, expand its market positions, and achieve and maintain the Company’s competitiveness;
- 4) maintain financial stability, increase revenues, and improve profitability; and
- 5) protect the rights and legitimate interests of Company’s shareholders.

2.1.2 In order to achieve these goals, the Board of Directors, within its competence, acting directly or through its Committees shall meet the challenges, such as to:

- 1) develop and monitor the implementation of the Company’s strategic and overall economic policies;
- 2) continuously monitor the activities of the Company’s executive bodies and senior officers;
- 3) organize the implementation of resolutions of the General Meeting of Shareholders;
- 4) identify the future and priority areas of the Company’s operations;
- 5) form an effective organizational structure and system of management of the Company;
- 6) assess political, financial, and other risks affecting the Company’s operations;
- 7) ensure the financial stability of the Company;
- 8) approve the Company’s plans and budgets;
- 9) determine approaches to investments and participation in other entities;

- 10) evaluate the performance of the Company and its bodies;
- 11) set the terms and conditions for dividend payments;
- 12) set criteria for the management personnel hiring;
- 13) develop systems and methods of motivation and incentives for executive bodies and personnel;
- 14) ensure the disclosure of complete, accurate, and objective information about the Company;
- 15) ensure that the Company complies with the laws of the Russian Federation;
- 16) ensure compliance with corporate governance principles;
- 17) maintain an effective system of internal controls;

2.1.3 The competence of the Board of Directors shall be defined by the Company's Charter and applicable law.

## **2.2. Rights of the Board of Directors and its members**

2.2.1 The Board of Directors shall be entitled to:

- 1) hear reports of the Company's officers on Company's activities in accordance with their competence;
- 2) request reviews and internal audits of the Company's financial and business operations by the Auditing Committee;
- 3) form committees and commissions, formed from its own members and involving specialists from the Company and third party experts, to meet particular objectives.
- 4) engage external counsels, experts, and other advisors as the Board of Directors (or the Board-of directors committees) determine necessary to assist them in performing the functions of Board of Directors members;
- 5) nominate candidates for the Board of Directors and the Auditing Committee when no candidates or an insufficient number of candidates have been nominated by the shareholders; submit proposals on the Company's Auditor to the General Meeting of Shareholders for approval;
- 6) take other actions within its competence;
- 7) establish a Staff of the Board of Directors or a similar unit to support the Board of Directors in the performance of its functions; and
- 8) engage independent third party experts to review draft resolutions.

2.2.2 Every member of the Board of Directors shall be entitled to:

- 1) require providing by Company's officers and employees any information (documents and materials) and explanations related to Company's operations. Information requests shall be sent through the Secretary of the Board of Directors addressed to the Chairman of the Board of Directors and be signed by the initiating member of the Board of Directors;
- 2) propose matters for inclusion into the agenda of the Board of Directors meetings;
- 3) inspect the minutes of meetings of the Board of Directors;
- 4) receive fees for performance of his/her duties and/or reimbursement of expenses related to his/her performance of Board of Directors member's functions, in a manner established by resolution of the General Meeting of Shareholders in accordance with the Regulation on Compensation and Allowances of Members of the Board of Directors;

- 5) require recording of his/her dissenting opinion on agenda subjects or adopted resolutions in the minutes of the Board of Directors meeting;
- 6) be present at the General Shareholders meeting and answer questions asked by meeting participants regarding Company's activities.

### **2.3. Duties of Board of Directors members**

2.3.1 The activities of a member of the Board of Directors shall be continuous and not be limited to participation in meetings and adoption of resolutions of the Board of Directors and may include participation in committees and commissions established by the Board of Directors.

2.3.2 A member of the Board of Directors shall:

- 1) be loyal to the Company;
- 2) act, when performing his/her rights and duties, for the Company's benefit;
- 3) act within his/her rights and duties in accordance with the goals and objectives of the Board of Directors;
- 4) act reasonably, in good faith, and with due care in relation to the Company's affairs;
- 5) convene meetings of the Board of Directors to address urgent issues;
- 6) prepare for, attend and take an active part in the discussions on subjects considered at meetings of the Board of Directors;
- 7) take participation in the decision-making process of the Board of Directors either by voting on subjects of the agenda for its meetings or by a written opinion on subjects of the agenda;
- 8) make sound decisions, and for that purpose study all the relevant information (materials), perform research, and bring to the attention of all members of the Board of Directors all information, without exception, related to resolutions being adopted;
- 9) refrain from voting on subjects in which he/she may be deemed to be an interested party;
- 10) assess risks and adverse effects, when making decisions;
- 11) participate in the work of Committees of the Board of Directors of which he/she is a member;
- 12) follow instructions and orders of the Board of Directors;
- 13) provide the Company with information about himself/herself and his/her affiliates, as well as other information, details, and documents needed by the Company to comply with the requirements of the laws of the Russian Federation and achieve the Company's goals in accordance with Annex 1 to this Regulations. If changes occur in the provided information, the member shall provide the Company with updated information;
- 14) bring to the attention of the Board of Directors, the Auditing Committee, and the Auditor of the Company information on proposed transactions in which he/she may be deemed to be an interested party, including information on:
  - legal entities in which the member, whether alone or with his/her affiliates, holds 20% or more of the voting shares, interests, or units;
  - legal entities in whose management bodies the member holds positions;
  - current or proposed transactions, known to the member, in which the member may be deemed an interested party;
- 15) inform the Board of Directors of his/her intention to acquire an interest in competitors equity capital or to participate in the work of competitor's management bodies;

- 16) disclose his/her holdings, sale, and purchase of securities of the Company, and notify the Chairman of the Board of Directors on his/her intention to engage in a transaction involving shares of the Company;
- 17) comply with the instructions of the Board of Directors, and ensure the implementation of resolutions adopted by the Board of Directors and the General Meeting of Shareholders;
- 18) refrain from disclosure insider information on Company's activities that becomes known to the member, act for protection of such information from unauthorized or unlawful disclosure as well as refrain from use of such information to his/her benefit or to the benefit of third parties;
- 19) comply with the requirements of Regulation on principles and procedures relating to prevention of transactions using the insider information of MTS OJSC approved in the Company;
- 20) observe provisions of Company's approved Code of Corporate Conduct and Ethics.

#### **2.4. Liability of Board of Directors members**

- 2.4.1 Members of the Board of Directors shall be liable to the Company for losses caused to the Company by their culpable acts and omissions in accordance with the laws of the Russian Federation. However, members of the Board of Directors who voted against (or did not participate in voting on) a resolution that resulted in losses to the Company shall not be liable for the consequences of the resolution.
- 2.4.2 Members of the Board of Directors shall refrain from acts that will result or may result in a conflict between their interests and the Company's interests, and when such a conflict exists or arises shall disclose the conflict to the Board of Directors.
- 2.4.3 Members of the Board of Directors may not accept gifts or other compensation from persons interested in the adoption by the Board of Directors of a resolution that directly or indirectly benefits such persons.
- 2.4.4 The Company itself or a shareholder or shareholders holding in the aggregate 1% or more of the outstanding common shares of the Company may take legal action against a member of the Board of Directors to recover losses caused to the Company in cases provided for by the current laws of the Russian Federation.
- 2.4.5 The Company shall maintain insurance covering liability of members of the Board of Directors arising from legal actions or claims brought against a Board of Directors member/members by third parties or shareholders of the Company in connection with business decisions or other acts taken by such member/members in the capacity as members of the Board of Directors of the Company or its subsidiaries.

#### **2.5. Composition of the Board of Directors**

- 2.5.1 The number of the Board of Directors members shall be set in the Company's Charter.
- 2.5.2 The members of the Company's Executive Body may not comprise more than 25% of the members of the Board of Directors.
- 2.5.3 If the number of members of the Board of Directors falls below the number required to constitute a quorum for its meetings, the Board of Directors shall adopt a resolution to hold an extraordinary General Meeting of Shareholders to elect a new Board of Directors. The authority of the remaining members of the Board of Directors shall be limited to the adoption of such resolution.

2.5.4 “Retired members” of the Board of Directors shall mean members who are defined in Company’s Charter as the “retired”, including, but not limited to, deceased or missing or declared incompetent.

2.5.5 The Board of Directors shall include independent directors. A member of the Board of Directors shall be deemed independent if the Board of Directors establishes in relation to this director that he has an independent status due to the absence of any material relationship with the Company. To take this decision the Board of Directors should be provided with the questionnaire on the independence (in the form as determined in Annex №6 to these Regulations) with respect to each Board of Directors member.

An independent member of the Board of Directors shall in any event meet the criteria specified below:

1. The member of the Board of Directors is not, at the moment of election, and was not during the three years preceding the election, an officer (manager) of the Company or an employee of the Company, nor officer or employee of the manager or management entity of the Company;
2. The member of the Board of Directors is not, at the moment of election, and was not during three years preceding the election, a person whose immediate family members (including but not limited to, spouse, parents, children, full and half brothers and sisters, adoptive parents and adopted children) are officers (managers) of the Company, nor officers of the manager or management entity of the Company. For the purposes of this paragraph 2.5.5. the term "immediate family" is used in the meaning assigned to it by U.S. laws and regulations of the New York Stock Exchange;
3. The member of the Board of Directors is not an employee of the company, and none of his immediate family members is an officer of the company, which, during the three fiscal years preceding the appointment, made payments to the Company or received payments from the Company related to the transfer of property or provision of services, in the amount which during any of these three fiscal years exceeded the equivalent of one million U.S. dollars, or 2% of gross consolidated revenue of this company;
4. The member of the Board of Directors is not and was not during one year preceding the election, an affiliate of the Company or any of its subsidiaries, other than the member of the Board of Directors of the Company, an affiliate of an officer (manager) of the Company (officer of the manager or management entity of the Company), and is not an affiliate of any Company’s affiliate. For the purposes of this paragraph 2.5.5., the term "affiliate" is used in the meaning assigned to it by the Russian and American law;
5. The member of the Board of Directors or any of his immediate family members is not, and during three years preceding the election, was not an officer of another business entity in which any of the officers of the Company is or was, at that time, a member of Remuneration Committee of the Board of Directors;
6. The member of the Board of Directors is not a representative of the state;
7. The member of the Board of Directors is not a party to the obligations of the Company according to the terms of which he may acquire property (receive money), the value of which amounts to 10 percent or more of the gross annual income of this person, except for remuneration for participation in the activities of the Board of Directors;
8. The member of the Board of Directors is not a major counterparty of the Company (the contractor having the total volume of transactions with the Company during the year of ten percent or more of the book value of assets of the Company);
9. The member of the Board of Directors or any of his close relatives did not receive from the Company more than 120,000 U.S. dollars as direct compensation during any twelve-month period within the three years preceding the election (except for the remuneration for the duties of a member of the Board of Directors or for participation in activities of the committees of the Board, as well as pension payments or other forms of deferred payments for services rendered in the past, unless such payments are dependent in any way from the performance of current duties of the member of the Board of Directors);

10. The member of the Board of Directors did not receive, directly or indirectly, any payment or remuneration from the Company or its subsidiaries for the provision of consulting or other similar services, except for remuneration, expressed as a fixed amount, in accordance with the pension plan (including deferred payments) for services rendered to the Company in the past (unless such payments are dependent in any way from the performance of current duties of the member of the Board of Directors);
11. The member of the Board of Directors is not associated with the Auditing Commission or the external auditor of the Company, which includes:
  - The member of the Board of Directors or any of his immediate family members, is not a partner of the company which performs external audit of the Company;
  - The member of the Board of Directors is not an employee of such company;
  - No immediate family members of the member of the Board of Directors, being an employee of the company that performs the external audit of the Company, are involved in audit or tax inspection of the Company;
  - The member of the Board of Directors or any of his immediate family members during the three years preceding the appointment was not partner or employee of such company and personally did not perform audits of the Company during this period.

2.5.6. Independent members of the Board of Directors shall refrain from actions that may compromise their independent status.

2.5.7. Independent members of the Board of Directors shall disclose information on changes or circumstances occurring after their election to the Board of Directors, as a result of which they cease to be independent under the applicable legislation and/or the requirements of self-regulatory organizations.

2.5.8. If after election of an independent member to the Board of Directors such person ceases to be independent by reason of any changes or new circumstances, such a director shall notify the Company's Board of Directors by a written statement addressed to the Board of Directors Chairman and President of the Company and shall provide a detailed report on such changes and new circumstances. Either upon receipt of such notice or if the Board of Directors becomes otherwise aware of such changes or new circumstances, the Company's Board of Directors must assure the disclosure of this information and, if necessary, may convene an extraordinary General Meeting of Shareholders to elect a new Board of Directors.

2.5.9. The Board of Directors may include Non-executive directors: members of the Board who are not members of the Company's executive bodies

2.5.10. The status of each member of the Board of Directors shall be determined at its first meeting following the General Meeting of Shareholders at which that Board of Directors was elected.

## **2.6. Election of Board of Directors members and termination of powers of Board of Directors members**

2.6.1 Board of Directors members shall be elected by the General Meeting of Shareholders in the manner set forth in the Company's Charter, the Regulations, and the Regulations on the General Meeting of Shareholders for a term ending at the next annual General Meeting of Shareholders. If an annual General Meeting of Shareholders is not held within the time period prescribed by Article 47(1) of the Federal Law "On Joint Stock Companies", the powers of Company's Board of Directors shall be terminated, with the exception of those powers associated with preparing for, calling, and holding the annual General Meeting of Shareholders. The powers of all members of the Board of Directors may be terminated early at an extraordinary General Meeting of Shareholders.

2.6.2 Any individual who is nominated by a shareholder, or by any other persons or management bodies entitled under the laws of the Russian Federation to nominate candidates to the Board

of Directors, and is elected by the General Meeting of Shareholders in the prescribed manner may be a member of the Board of Directors. Requirements to candidates for the Board of Directors are set forth in Annex 2 to the Regulations.

- 2.6.3 The Remuneration & Appointment Committee of the Board of Directors considers the following when evaluating candidates nominated to the Board of Directors:
- 1) Whether the candidate possesses the highest personal values, judgment and integrity;
  - 2) Whether the candidate possesses an understanding of the regulatory and political environment in which the Company does business; and
  - 3) Diverse experience in meeting business, financial and other challenges that a major Russian company may face.
- 2.6.4 Persons elected to the Board of Directors may be re-elected an unlimited number of times. The Remuneration & Appointment Committee shall consider the following when evaluating a director for re-election:
- 1) A director's contribution to the effective functioning of the Company, including transfer of relevant professional experience in the course of Board of Directors activity;
  - 2) Any change in the director's principal area of responsibility with his or her own company or in his or her employment, including the resignation from his principal position;
  - 3) The ability to attend meetings and fully participate in the activities of the Board;  
Whether the director continues to bring relevant experience to the Board;
  - 4) The development of any relationships with the Company or another organization, or creation of other circumstances, that might make it inappropriate for the director to continue serving on the Board; and
  - 5) The director's age and length of service on the Board.
- 2.6.5 Members of the Board of Directors may not concurrently be members of the Company's Auditing Committee.
- 2.6.6 Members of the Board of Directors may not concurrently be members of the counting board.
- 2.6.7 Shares of the Company held by newly elected members of the Company's Board of Directors shall not participate in voting to elect the Company's Auditing Committee.
- 2.6.8 Candidates for the Board of Directors shall be nominated in conformity with the procedure set forth in Company's Charter and Regulations on the General Meeting of Shareholders.
- 2.6.9 The Company shall be provided by shareholders with the following information and materials about a candidate nominated for the Board of Directors (in the form essentially set by Annex 3 hereto):
- 1) surname, given name, patronymic, passport details, and contact information;
  - 2) age of the candidate;
  - 3) details of the candidate's education and academic qualifications;
  - 4) details of positions held by the candidate in the last 5 years, and of positions held in the management bodies of legal entities in the last 5 years;
  - 5) details of nominations of the candidate for boards of directors (and/or committees of the board of directors) or election/appointment to positions in other legal entities;
  - 6) information about the person who nominated the candidate;
  - 7) information about the candidate's shareholdings in the Company (including the number of shares);

- 8) the nature of the candidate's relationship with the Company (whether the candidate is currently a member of any management or supervisory body of the Company, i.e. a member of the Board of Directors, or the Executive Board, or Auditing Committee, or the Director General, or any Committee of the Company's Board of Directors; whether the candidate holds any other positions in the Company or receives compensation for his/her participation in Company's management and supervisory bodies or in Committees of the Board of Directors, etc.);
  - 9) the candidate's written consent to be elected to the Board of Directors signed by the candidate.
- 2.6.10 The members of the Board of Directors shall be elected by the General Meeting of Shareholders by cumulative voting.
- 2.6.11. Each newly elected member of the Board of Directors shall pass through the on-boarding procedure, including acquaintance with Company's growth history, the main principles of the Board of Directors activity, Company's general corporate documents. Within 10 days from the date of vote counting for election of Company's Board of Directors, the Secretary of the Board of Directors shall introduce each newly elected member of the Board of Directors to the corporate executive officers of the Company. Within 10 days from the date of vote counting for election of Company's Board of Directors, the Secretary of the Board of Directors shall provide each newly elected member of the Board of Directors with copies of Company's Charter and corporate documents regulating activities of Company's bodies, the Code of Corporate Conduct and Ethics, the last annual performance report of the Company. Other features of the on-boarding procedure for newly elected members of the Board of Directors can be established with Company's corporate documents.
- 2.6.12 The powers of the Board of Directors shall terminate upon the adoption by the General Meeting of Shareholders of a resolution to terminate the powers of the Board of Directors.
- 2.6.13 The powers of all members of the Board of Directors may be terminated simultaneously and at any time prior to the expiration of their term under the resolution of the General Meeting of Shareholders.
- 2.6.14. A member of the Company's Board of Directors may at any time voluntarily relinquish his/her powers upon sending a notice of voluntary retirement to the Company (addressed to the Chairman of the Board of Directors). The Board of Directors shall retain its powers irrespective of any vacancies that may arise with respect to restrictions set forth in Paragraph 2.5.3. hereof.

### **3. Organization of work of the Board of Directors**

#### **3.1. Chairman and Deputy Chairman of the Board of Directors**

- 3.1.1 The Chairman of the Board of Directors shall be elected by its members from among their number. The Chairman shall be elected by open voting by a majority vote of the total number of members of the Board of Directors. The members of the Board of Directors may elect one Deputy Chairman of the Board of Directors, who shall perform the functions of the Chairman of the Board of Directors in his/her absence. In case of absence of both the Chairman and the Deputy Chairman of the Board of Directors, a member of the Board of Directors may perform the functions of the Chairman of the Board of Directors pursuant to the resolution adopted by the Board of Directors.
- 3.1.2 The person serving as the Company's sole executive body may not concurrently be the Chairman of the Board of Directors.
- 3.1.3 The Board of Directors shall be entitled to elect a new chairman of the Board of Directors at any time.

### **3.2. Functions of the Board of Directors Chairman**

#### **3.2.1 The Chairman of the Board of Directors shall:**

- 1) represent and act on behalf of the Board of Directors in dealings with the Company's executive bodies, shareholders, and third parties;
- 2) plan and organize the work of the Board of Directors;
- 3) call and preside at meetings of the Board of Directors;
- 4) decide the form of its meetings;
- 5) formulate the agenda of its meetings;
- 6) organize the keeping of the minutes at meetings;
- 7) ensure that the members of the Board of Directors are provided with information on subjects of the agenda of the next meeting;
- 8) ensure free and open discussion of the items under consideration at meetings, ensure that the opinions of all members of the Board of Directors are taken into account in decision-making, summarize discussion, and formulate resolutions to be adopted;
- 9) read out proposals and opinions received by the Chairman from members of the Board of Directors on matters within its competence, and on the formation and composition of Committees of the Board of Directors;
- 10) sign letters and other documents originating from the Board of Directors, and in particular certify extracts from minutes of the Board of Directors;
- 11) sign the contract with the President or management company on the Company's behalf;
- 12) be personally responsible to the General Meeting of Shareholders for organizing the work of the Board of Directors of the Company.

### **3.3. Corporate Secretary**

3.3.1 Upon the recommendation of the Chairman of the Board of Directors the Board of Directors shall appoint a Corporate Secretary of the Company in case such a position is established in the Company. The resolution shall be adopted by a simple majority of votes of the members participating in the meeting.

3.3.2 The President of the Company shall on the Company's behalf enter into the employment contract with the Corporate Secretary of the Board of Directors pursuant to a resolution of and on the terms and conditions established by the Board of Directors

3.3.3 The Corporate Secretary shall be an officer of the Company.

3.3.4 The Corporate Secretary shall head the Office (Secretariat) of the Board of Directors and in his/her work shall report directly to the Chairman of the Board of Directors.

3.3.5 The person appointed as the Corporate Secretary of the Company shall meet the following requirements:

- 1) higher education;
- 2) at least 3 years' experience in corporate governance;
- 3) knowledge of the norms of corporate law and securities market legislation, including rules governing disclosure by issuers in the securities market and operations of professional securities market participants (registrars of the Company, stock exchanges, etc.);
- 4) knowledge of regulatory documents reflecting best domestic and foreign corporate governance practices;

- 5) computer literacy;
  - 6) negotiating skills;
  - 7) personal qualities and skills: independent judgment and the ability to defend his/her opinion; and
  - 8) no criminal record or disqualification under the RF Code of Administrative Offenses.
- 3.3.6 The Board of Directors may at any time re-elect the person performing the functions of the Corporate Secretary.
- 3.3.7 The Corporate Secretary shall perform his/her functions in accordance with the Regulations on the Corporate Secretary, and in particular shall:
- 1) prepare for and ensure that the General Meeting of Shareholders is held in accordance with the requirements of the Company's Charter and other internal documents;
  - 2) organize the preparation and holding of meetings of the Board of Directors and Committees of the Board of Directors;
  - 3) monitor compliance of the Company's bodies and officers with the rules and procedures of corporate conduct established by law and the Company's corporate documents to secure the rights and interests of the Company's shareholders;
  - 4) organize interaction between the Company and its shareholders;
  - 5) organize and participate in the development and subsequent implementation of the Code of Corporate Conduct, the Company's Charter, and corporate documents: the regulations on the Company's management bodies and the manner of implementation of corporate procedures;
  - 6) monitor compliance by the Company's units and officers with the norms and requirements of the corporate law of the Russian Federation and the Company's Charter and corporate documents, and immediately report all identified violations to the Chairman of the Board of Directors;
  - 7) analyze existing corporate governance practices in the Company and develop proposals for their improvement;
  - 8) assist the Chairman of the Board of Directors in organizing the work of the Board of Directors;
  - 9) participate in the disclosure of information about the Company, including the updating of information on the Company's official Internet site; and
  - 10) arrange for the custody of documents within his/her competence.
- 3.3.8 The Board of Directors Secretary's duties may be entrusted to the Company's Corporate Secretary personally or to a member of the Staff (Secretariat) of the Board of Directors under the resolution of the Board of Directors.
- 3.3.9 In case no position of the Corporate Secretary of the Company is established in the Company, a Secretary of the Board of Directors shall perform Corporate Secretary's duties. A Secretary of the Board of Directors shall be appointed at the first meeting of the Company's Board of Directors held on the date of the General meeting of the Company's shareholders when the Board of Directors was elected.
- 3.3.10 The Secretary of the Board of Directors shall:
- 1) perform the on-boarding procedure for newly elected members of Company's Board of Directors in compliance with Paragraph 2.6.11 hereof;
  - 2) inform the members of the Board of Directors and invitees about upcoming meetings of the Board of Directors;

- 3) send materials relating to subjects of the agenda of a meeting of the Board of Directors to the Board of Directors members;
- 4) ensure that additional information on the Company's operations is provided to the members of the Board of Directors upon request;
- 5) record and bring to the attention of the Board of Directors members participating in a meeting information about written opinions submitted by absent members regarding items under consideration at the meeting;
- 6) keep the minutes of the meetings of the Board of Directors;
- 7) arrange for the custody of documents of the Board of Directors;
- 8) upon request, enable members of the Board of Directors, shareholders, and officers of the Company to inspect the minutes of the Board of Directors meetings, and prepare copies of the minutes and extracts from the minutes of the Board of Directors meetings;
- 9) in case of absentee voting by the Board of Directors members, prepare and effect the circulation and collection of ballots and determine the results of voting on subjects of the agenda for the Board of Directors meeting;
- 10) obtain required documents and information on the Company's operations from units of the Company and provide such documents and information to the members of the Board of Directors;
- 11) maintain information forms on the members of the Board of Directors;
- 12) monitor the implementation of the resolutions of the Board of Directors; and
- 13) assist the Board of Directors Chairman in planning the work of the Board of Director;
- 14) perform any other function set forth in Paragraph 3.3.6 hereof.

3.3.11 Within the scope of duties the Corporate Secretary / Secretary of the Board of Directors shall be entitled to:

- 1) request and obtain from officers of the Company and heads of its units any documents or information required to meet his/her assigned objectives;
- 2) gather information on the implementation of resolutions adopted by the Board of Directors and the General Meeting of Shareholders; and
- 3) attach a time/date stamp, indicating the date and time of receipt by the Company, to correspondence, applications, and statements from shareholders.

3.3.12 The Corporate Secretary / Secretary of the Board of Directors shall:

- 1) comply strictly with the rules and requirements of the laws of the Russian Federation;
- 2) serve the interests of the shareholders when addressing issues that arise; and
- 3) fulfill assignments of the Board of Directors Chairman.

3.3.13 Liability of the Corporate Secretary / Secretary of the Board of Directors:

- 1) In exercising his/her rights and performing his/her duties the Corporate Secretary / the Board of Directors Secretary shall act to the benefit of the Company and exercise his/her rights and perform his/her duties in relation to the Company reasonably and in good faith.
- 2) The Corporate Secretary/the Board of Directors Secretary shall not be entitled to disclose any information viewed as a commercial secret under the Company's corporate documents.

- 3) The Corporate Secretary/ the Board of Directors Secretary shall not be entitled to use or disclose on his/her own account any Company's insider information available for him/her (information of restricted access).

### **3.4. Formation and work of Committees of the Board of Directors**

- 3.4.1 For purposes of preliminary preparation and better and more timely consideration of items to be submitted to a meeting of the Board of Directors, and to improve the effectiveness of interaction with the Company's management in implementation of their assigned tasks and monitor the implementation of resolutions, the Board of Directors shall establish Committees of the Board of Directors composed of its members. The list of Committees of the Board of Directors may be established by the Board of Directors. Establishment of some Committees shall be mandatory, such as: a Strategy Committee, a Remuneration & Appointment Committee, an Audit Committee, and a Corporate Conduct Committee.
- 3.4.2 The Board of Directors may establish special committees. A special committee shall be a collegial body of Company's Board of Directors assisting the Board of Directors by means of preliminary consideration and preparation of recommendations to the Board of Directors on Company's different projects. Special committee activity shall be targeted to ensuring conformity of project terms & conditions with Company's and all its shareholders' interests.
- 3.4.3 The Audit Committee shall be composed solely of independent directors. Committee assignments, including the designation of committee chairs, are made annually by the Board of Directors resolution, based on recommendations from the Remuneration and Appointment Committee. When making recommendations, the Remuneration and Appointment Committee shall evaluate individual expertise of each Board of Directors member and the needs of the Company as well as take into account actual capabilities of each Board member on performing duties of Audit Committee member in relation with his membership in two or more audit committees of other Companies.
- 3.4.4 Employees of the Company, representatives of shareholders, and other specialists may be involved in the work of the Committees, including as their members.
- 3.4.5 The Committees of the Board of Directors shall work pursuant to Regulations approved by the Board of Directors and work plans approved by the Committees and agreed with the Board of Directors. Each Committee meets as frequently as needed and for an appropriate length of time based on the specific meeting agenda. Committee agendas are developed by the respective committee chairman in consultation with appropriate members of management and with the input of other directors. Each Committee chairman submits a report on Committee matters to the Board of Directors, generally at the next scheduled Board of Directors meeting.
- 3.4.6 Matters within the competence of a particular Committee shall be elaborated in advance by that Committee before being considered in the Board of Directors. If no relevant decision is made by the Committee, a matter may be withdrawn from the consideration of the Board of Directors by resolution of the Board of Directors Chairman.
- 3.4.7 Decisions of the Committees shall be advisory for the Company's Board of Directors. The Committee shall not be viewed as a management body of the Company.

## **4. Meetings of the Board of Directors and adoption of resolutions by the Board of Directors**

### **4.1. Procedure for convening Company's Board of Directors meetings**

- 4.1.1 Meetings of the Board of Directors shall be scheduled. A schedule of the Board of Directors meetings shall be drawn up for a calendar or a corporate year. As necessary, but no less often than once every 6 months, the schedule of the Board of Directors meetings of the Board of Directors shall be refined/adjusted. The work of the Board of Directors shall be planned in accordance with the Rules of Procedure of the Board of Directors "Preparation for and Holding of the Meetings of the Board of Directors" (Annex No. 4).

- 4.1.2 Meetings of the Board of Directors shall be called by the Chairman of the Board of Directors on his/her own initiative or at the request of a member of the Board of Directors, the Auditing Committee, or the Company's Auditor, the President of the Company, or other persons designated by the Federal Law "On Joint Stock Companies" and the Company's Charter.
- 4.1.3. If the Board of Directors Chairman fails to call a meeting of the Board of Directors in cases provided for by the legislation and the Company's Charter, such a meeting may be called either by the Deputy Chairman of the Board of Directors or by any two members of the Board of Directors one of which shall be a member of the Board of Directors elected upon nomination by a shareholder, who owns (directly or indirectly) over 50% of voting shares in the Company.
- 4.1.4 A written request to call a meeting of the Board of Directors shall include:
- 1) the name of the initiator of the meeting or the inclusion of an item in the agenda of a scheduled meeting;
  - 2) the wording of the item and a draft resolution on that item;
  - 3) the rationale for considering the item; and
  - 4) accompanying materials.
- 4.1.5. The request shall be signed by the initiator of the special meeting of the Board of Directors.
- 4.1.6 A special meeting shall be convened within 15 days from receipt of the request for the meeting.
- 4.1.7 The Board of Directors Chairman may refuse to hold a special meeting or refuse to include a proposed item in the agenda of a regular meeting if:
- 1) the Chairman determines that the request to hold the meeting or to include an item in the agenda was submitted by a person lacking the authority to do so;
  - 2) the Chairman determines that the submitted item is not within the competence of the Board of Directors; or
  - 3) the request to include an additional item in the agenda of the scheduled meeting was received after distribution of the agenda and materials among the members of the Board of Directors.
- 4.1.8 The notice of a meeting, together with accompanying materials, shall be sent to each member of the Board of Directors at least 10 (ten) business days prior to the meeting in the form and manner prescribed by the Rules of Procedure of the Board of Directors "Preparation of and Holding Meetings of the Board of Directors"(Annex №4). Directors are expected to review and devote appropriate time to studying Board of Directors and committee materials, and may request additional information as appropriate. In case of absentee voting, the notice of the meeting and materials shall be accompanied by a voting ballot (Annex No.5).
- 4.1.9 The first meeting of the Board of Directors shall be held on the day of the General Meeting of Shareholders at which the Board of Directors was elected. If the meeting is not held on that day, the first meeting of the Board of Directors shall be held on the initiative of the senior member of the Board of Directors, who shall call the meeting no later than one week after the General Meeting of Shareholders at which the Board of Directors was elected.
- 4.1.10 The following items shall be considered at the first meeting of the Board of Directors: election of the Board of Directors Chairman, appointment of the Board of Directors Secretary (and/or the Company's Corporate Secretary), formation of committees of the Board of Directors, and determination of the status of the Board of Directors members.

## **4.2. Procedure for holding Board of Directors meetings**

- 4.2.1 The Chairman of the Board of Directors may either convene a meeting or arrange the absentee voting.

- 4.2.2 A Board of Directors meeting in praesentia shall be qualified competent if attended by at least half of the elected members of the Board of Directors (except where a larger quorum is required by law, the Company's Charter, or the Regulations). Before each meeting the Board of Directors Secretary shall register the Board of Directors members attending the meeting. Members may attend a Board of Directors meeting in person, or such a meeting may be conducted via electronic means/telephone, including videoconference. In the latter case the Board of Directors Secretary shall ensure that a magnetic (digital or otherwise) recording of the meeting is kept.
- 4.2.3 At its meetings the Board of Directors shall consider the subjects included into the agenda for the meeting.
- 4.2.4 Invitees shall be admitted to a Board of Directors meeting with the approval of the Board of Directors Chairman.
- 4.2.5 A resolution of the Board of Directors may be adopted by absentee voting, i.e. without holding a meeting of the Board of Directors.
- 4.2.6. Members of the Board of Directors shall be deemed participating in absentee voting, if their original ballots are received prior to the deadline of ballot receipt. Absentee voting by the Board of Directors members shall be deemed performed if at least a half of its elected members participate in voting (except where a larger quorum is required by law or the Company's Charter).
- 4.2.7. Accounting of ballots and making of a report on absentee voting shall be performed within 3 (three) days of the deadline of ballot receipt. The absentee voting report shall be signed by the Board of Directors Chairman and the Board of Directors Secretary.
- 4.2.8. All members of the Board of Directors shall be informed on resolutions of the Board of Directors adopted by absentee voting as well as on the voting results within 3 (three) days of the date of signing of the voting report by forwarding a copy of the report to all members of the Board of Directors.
- 4.2.9 The Board of Directors shall not adopt resolutions on the following items by absentee voting:
- 1) identification of the priority areas of the Company's operations;
  - 2) approval of the Company's budget;
  - 3) calling of the annual General Meeting of Shareholders;
  - 4) calling of the extraordinary General Meeting of Shareholders or refusal to call such a meeting;
  - 5) election and re-election of the Board of Directors Chairman;
  - 6) increase in the Company's charter capital;
  - 7) preliminary approval of the Company's annual report; and
  - 8) appointment of the President of the Company and approval of the terms and conditions of the contract with the President of the Company.
- 4.2.10 Additional requirements applicable to the manner of holding meetings of the Board of Directors shall be established by the Rules of Procedure of the Board of Directors "Preparation for and Holding of Meetings of the Board of Directors "( Annex № 4).

### **4.3. Procedure for adoption of resolutions by the Board of Directors**

- 4.3.1 A resolution shall be deemed adopted if more than a half of the Board of Directors members attending the meeting vote in favor (unless a greater number of votes is required by the law or the Company's Charter). In the event of a tie vote of the Board of Directors members on a resolution, the Board of Directors Chairman shall have a casting vote.

- 4.3.2 The written opinions of the Board of Directors members not present at the Board of Directors meeting shall be taken into account when determining whether a quorum is present and determining the results of voting on subjects of the agenda for the meeting in praesentia. A written opinion must bear the signature and full printed name of the Board of Directors member. Written opinions shall be submitted by the Board of Directors members to the Board of Directors Chairman or the Board of Directors Secretary before the beginning of the meeting.
- 4.3.3 A written opinion of a member of the Board of Directors may include his/her voting on any or all subjects of the agenda for the meeting. The member's position on a subject of the agenda (in favor, against, or abstained) must be unambiguously expressed in the written opinion. A member's written opinion shall be taken into account for purposes of determining whether a quorum is present and determining the results of voting only with respect to subjects on which it includes the voting of that member.
- 4.3.4 If a copy of the written opinion of the Board of Directors member is not included in the information and materials provided to the Board of Directors members for the meeting, the person presiding at the meeting shall read out the written opinion of the Board of Directors member, who is absent at the Board of Directors meeting, before voting on agenda subjects on which such member has expressed an opinion.

#### **4.4. Minutes of Board of Directors meetings**

- 4.4.1 Minutes shall be kept at every meeting of the Board of Directors. The minutes of a meeting of the Board of Directors shall be prepared by the Secretary of the meeting within 3 days after the meeting.
- 4.4.2 The minutes shall reflect the deliberative process and resolutions adopted in those meetings, including at least the following information:
- 1) the venue and time of the meeting;
  - 2) the persons attending the meeting;
  - 3) the agenda of the meeting;
  - 4) the subjects put to a vote and the results of voting thereon; and
  - 5) the resolutions adopted.
- 4.4.3 The minutes of the Board of Directors meeting shall be signed by the person presiding at the meeting, who shall be responsible for their correct preparation, and by the Board of Directors Secretary.
- 4.4.4 Upon a written request of shareholders, members of the Board of Directors, or senior officers of the Company, the Board of Directors Secretary shall prepare and provide copies of the minutes and extracts from the minutes of meetings of the Board of Directors, certified by the Board of Directors Chairman.

#### **5. Performance evaluation of and fees to the Board of Directors members. Advanced training of the Board of Directors members**

- 5.1 The amount and procedure of payment of fees and compensations to the Board of Directors members shall be determined by resolution of the General Meeting of Shareholders in accordance with the Regulations on Fees and Compensations paid to Board of Directors Members. The Regulations on Fees and Compensations paid to Board of Directors Members shall be approved by the General Shareholders meeting of the Company and shall be the basis of charging and payment of fees and compensations to the Board of Directors members. Fee amounts to the Board of Directors members shall be reasonable, relevant and proportionate to their responsibility and duties performed in the position of a member of the Board of Directors.

- 5.2 The Board of Directors shall annually evaluate performance of the Board of Directors and Committees of the Board of Directors.
- 5.3 In order to increase efficiency of the Board of Directors performance, the Company can make a decision on advanced training of the Board of Directors members. The decision on advanced training of a member of the Board of Directors shall be made by President of the Company on the basis of an application by a member of the Board of Directors or Company's Board of Directors Chairman. Application on advanced training of a member of the Board of Directors shall be satisfied only when additional knowledge and skills are required for a director to successfully perform duties of a member of Company's Board of Directors. The decision on advanced training of a member of the Board of Directors shall contain an indication to the targets of the advanced training as well as a ceiling amount of expenses allocated for the purpose. Expenses for advanced training of Company's Board of Directors members shall be covered with funds from the Company's appropriate budget.

**Annex No. 1**  
**to the Regulations on the Board of Directors**  
**of Mobile TeleSystems OJSC**

**Information on the relationship of a member of the Board of Directors with affiliates and major counterparties of the Company**

1. Kinship relationships with current members of the Board of Directors, members of the Executive Board, members of the Auditing Committee, or the Director General of the Company
2. Relationships with legal entities in which the Company is a shareholder/member and controls more than 20% of the total number of voting shares (interests, units)
3. Relationships with persons who control over 20% of the total number of votes carried by voting shares of the Company
4. Relationships of the member of the Board of Directors with persons belonging to the group of entities to which the Company belongs
5. Relationships of the member of the Board of Directors with major counterparties of the Company

**Member of the Board of Directors**

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**Annex No. 2**  
**to the Regulations on the Board of Directors**  
**of Mobile TeleSystems OJSC**

**Requirements to candidates for Mobile TeleSystems OJSC**  
**Board of Directors members**

1. Age: 25 years or older
2. At least 3 years' work experience
3. No conviction for economic crimes
4. No ban on holding management positions.

**Annex No.3**  
**to the Regulations on the Board of Directors**  
**of Mobile TeleSystems OJSC**

**To: The Board of Directors**  
**of Mobile TeleSystems**  
**Open Joint Stock Company**

**From:** \_\_\_\_\_

**CONSENT**

I, \_\_\_\_\_, hereby consent to be nominated for the Board of Directors of Mobile TeleSystems Open Joint Stock Company and, if elected a member of the Board of Directors by the General Meeting of Shareholders, undertake to perform the functions of a member of the Board of Directors of Mobile TeleSystems Open Joint Stock Company.

**I hereby provide the following information about myself:**

1. **Details of the candidate's identity document:**
2. **Date of birth:**
3. **Education:**
4. **Place of employment and positions in the last 5 years:**  
Period:  
Entity:  
Position:
5. **Positions held in the management bodies of other legal entities in the last 5 years:**  
Period:  
Entity:  
Position:
6. **Mailing address for correspondence:**

**I own / do not own shares of Mobile TeleSystems Open Joint Stock Company.**

*I consent to the processing and subsequent publication of my personal data in conjunction with the disclosure of annual and quarterly reports of Mobile TeleSystems Open Joint Stock Company and the provision of information on candidates for the Board of Directors to persons entitled to participate in the General Meeting of Shareholders of Mobile TeleSystems Open Joint Stock Company.*

\_\_\_\_\_  
(signature)

## **Rules of Procedure**

### **Preparation for and Holding of the Board of Directors Meetings**

#### **1. GENERAL PROVISIONS**

1.1. These Rules of Procedure “Preparation for and Holding of the Board of Directors Meetings” (hereinafter referred to as the “Rules of Procedure”) represent an Annex to Rules and Regulations of the Board of Directors of Mobile TeleSystems OJSC, and set the requirements to preparation of and holding of the Board of Directors meetings.

1.2. These Rules of Procedure were developed in accordance with the currently effective Russian legislation and the Company’s Charter, and regulate the process of planning the activities of the Board of Directors, procedures for incorporation of issues in the Board of Directors’ agenda, procedures for preparation of materials for the Board of Directors meetings, holding of the meetings and documenting results of the meetings.

1.3. These Rules of Procedure were developed in order to:

- set the procedures for preparation of and holding of the Board of Directors meetings;
- avoid failure to provide or provide on a timely basis of materials to the Board of Directors meetings;
- enhance transparency and efficiency of the Board of Directors’ activities;
- achieve the objectives of the Board of Directors, ensure implementation of the Board of Directors’ decisions and assignments.

#### **2. DEFINITIONS AND ABBREVIATIONS**

##### **2.1. Abbreviations**

**MTS OJSC**– Mobile TeleSystems Open Joint Stock Company

##### **2.2. Definitions**

**The Company** – MTS OJSC .

**MTS OJSC (MTS)** means all structural divisions, branches and representative offices.

#### **3. DEVELOPMENT OF AN ANNUAL PLAN OF THE BOARD OF DIRECTORS MEETINGS**

3.1. In accordance with the requirements of clause 4.1.1 of the Regulation on the Board of directors of MTS OJSC, the Board of directors meetings are conducted on a pre-planned basis, with the activity plan (schedule of meetings) being prepared for the relevant calendar or corporate year.

3.2. In the course of preparation for the first meeting of the Board of Directors in a year, the Board of Directors Secretary shall develop an annual activity plan (schedule of meetings) of the Board of Directors that shall include information on the month of each planned meeting and on the issues proposed for considering during the meeting.

3.3. When developing a draft agenda of the Board of Directors’ meetings for the year, the Board of Directors Secretary shall be guided by provisions of the effective Russian legislation, by MTS OJSC Charter, MTS OJSC corporate rules and regulations, previous decisions approved by the Board of Directors, instructions by MTS OJSC President, by MTS OJSC Board of Directors Chairman, and by customary business practices of considering issues by MTS OJSC Board of Directors.

3.4. Planned meetings of the Board of Directors shall be held periodically when needed, but at least 2 (two) times a quarter.

3.5. Board of Directors Secretary shall present a draft annual plan of the Board of Directors meetings to the Board of Directors Chairman and to MTS OJSC President to be preliminarily approved.

3.6. Having received a preliminary approval of the proposed draft annual plan of the Board of Directors meetings, the Board of Directors Secretary shall send out the draft annual plan to the Board of Directors members in accordance with the procedures and within the timeframe set forth in these Rules of Procedures for distribution of information materials to the Board of Directors meetings.

3.7. The Annual plan of the Board of Directors meetings shall be approved by the first meeting of the Board of Directors during the year.

3.8. When approving the annual plan of the Board of Directors meetings, the Board of Directors shall take into account proposals made by Board of Directors members to the Board of Directors Chairman at any time prior to the completion of discussion and approval of the annual plan of the Board of Directors meetings.

3.9. A resolution to refuse to enter any issue proposed by a Board of Directors member into the annual plan of Board of Directors meetings shall not be approved unless this issue is beyond the Board of Directors competence.

3.10. The annual plan of the Board of Directors meetings can be amended and/or expanded at any further meeting of the Board of Directors on the initiative of the Board of Directors Chairman, of the Board of Directors member, or the Company President. Should members of the Board of Directors be re-elected, the plan of the Board of Directors' meetings shall be adjusted.

3.11. No prior adjustment of the annual plan of the Board of Directors meetings by a Board of Directors shall be required for considering at planned meetings of the Board of Directors of the issues not included in the annual plan of the Board of Directors meetings, for shifting the issues included in the annual plan of the Board of Directors meetings from one planned meeting to another planned meeting, for calling extraordinary meetings of the Board of Directors, for considering at extraordinary meetings of the Board of Directors of the issues not included in the Board of Directors annual plan, for shifting an issue from a planned meeting to extraordinary meeting of the Board of Directors; the above shall be done under decision of the Board of Directors Chairman.

#### **4. PREPARATION OF MATERIALS TO MEETINGS OF THE BOARD OF DIRECTORS AND CALLING MEETINGS OF THE BOARD OF DIRECTORS**

4.1. The Board of Directors shall set a date for a meeting of the Board of Directors at the previous meeting in accordance with the approved annual plan of the Board of Directors meetings.

4.2. Should a request for calling an extraordinary meeting of the Board of Directors be made, the Board of Directors Chairman shall consider the possibility of including the issues proposed for discussion at the extraordinary meeting of the Board of Directors in agenda of the next planned meeting of the Board of Directors. In this connection, the Board of Directors Chairman shall consider the scope of proposed issues, time required to discuss them, and readiness of information materials on the proposed issues for presentation.

4.3. Should it be impossible to include the issues proposed for discussion at the extraordinary meeting of the Board of Directors in agenda of the next planned meeting of the Board of Directors, the Board of Directors Chairman shall within 3 (three) business days from the date of receiving the request set a date

for holding an extraordinary meeting of the Board of Directors with due account of readiness for presentation of information materials on the proposed issues and time required for their preparation/elaboration.

4.4. The Board of Directors Chairman shall inform the Board of Directors Secretary on calling and the date of the Board of Directors extraordinary meeting in order to ensure preparation and support to the meeting.

4.5. If a meeting of the Board of Directors is held in the form of absentee voting, the date of the Board of Directors meeting shall be the last date of accepting the proxies for voting on the issues in the meeting agenda.

4.6. Meetings of the Board of Directors may be held either in the form of meeting in presantia (collective presence of the Board of Directors members for discussion of material and adoption of resolutions on subjects of the agenda) or in the form of absentee voting.

4.7. The form of holding a meeting of the Board of Directors shall be established by decision of the Board of Directors Chairman and shall be brought to attention of the Board of Directors Secretary for the purpose of preparing the meeting.

4.8. The form of holding an extraordinary meeting should be established with account of the opinion of the extraordinary meeting initiator on the form of holding the meeting.

4.9. The Board of Directors Secretary shall develop the meeting agenda and obtain its approval by MTS OJSC President and the Board of Directors Chairman within 7(seven) calendar days from the date of the minutes of the Board of Directors meeting, at which the date of the next meeting of the Board of Directors was set, in case of a planned meeting, and within 7(seven) calendar days from the date of receipt by the Secretary of information from the Board of Directors Chairman on calling an extraordinary meeting, in case of an extraordinary meeting.

4.10. In the course of developing an agenda for the Board of Directors meeting, the Board of Directors Secretary shall be guided by provisions of the effective Russian law, by MTS OJSC Charter, MTS OJSC corporate rules and regulations, previous decisions approved by the Board of Directors, instructions of MTS OJSC President and MTS OJSC Board of Directors Chairman, by approved annual plan of the Board of Directors meetings, and by decisions by the Board of Directors Chairman on calling/refusal to call an extraordinary meeting and on inclusion/decline of issues from agenda of an extraordinary meeting of the Board of Directors.

4.11. The Board of Directors Chairman shall be entitled to include issues on a meeting agenda on his/her own initiative, as well as on request of the Board of Directors members, the Company's Auditing Committee, the Company's Auditor, the Company President, or on request of other persons in cases provided for in legislation or in the Company's Charter.

4.12. Within 1 (one) business day from the date of approval of a meeting agenda by the Board of Directors Chairman, the Board of Directors Secretary shall send out to executives and to persons responsible for preparation of information materials on subjects of the agenda of the Board of Directors meeting an information notice providing the following information:

- date of the Board of Directors meeting;
- agenda for the Board of Directors meeting;

- full names of the persons responsible for preparation of information materials on each subject of the agenda for the Board of Directors meeting;
- date of submission to the Board of Directors Secretary of information materials on subjects of the agenda for the Board of Directors meeting;
- date of distribution of information materials on subjects of the agenda for the Board of Directors meeting among the Board of Directors members;
- date of submission to the Board of Directors Secretary of information on the current status of previous assignments issued by the Board of Directors;
- date of submission to the Board of Directors Secretary of information materials on the previous assignments issued by the Board of Directors.

4.13. Information notice on preparation of materials to the Board of Directors shall be copied to Secretary of the Company's Executive Board (or of the relevant committee that is responsible for prior discussion of materials on subjects of the agenda for the Board of Directors' meeting).

4.14. Secretary of the Company's Executive Board (or Secretary of the relevant committee, if applicable) shall arrange for discussion of the materials for the Board of Directors by the Company's Executive Board (relevant committee);

4.15. The Company's Executive Board (or relevant committee, if applicable) shall discuss the information materials for the Board of Directors meeting no later than 15 (fifteen) calendar days prior to the date of the Board of Directors meeting.

4.16. Responsible executives shall correct, expand, and revise the information materials to the Board of Directors meeting on the basis of recommendations issued by the Company's Executive Board meeting (or meeting of the relevant committee, if applicable) and shall submit them to the Board of Directors Secretary not later than 14 (fourteen) calendar days prior to the date of the Board of Directors meeting.

4.17. If no materials on the subjects of the agenda for the Board of Directors meeting were received by the Board of Directors Secretary at least 14 (fourteen) calendar days prior to the date of the Board of Directors meeting, the Secretary shall without delay inform MTS OJSC President of the above for taking decision on the need to address the Board of Directors Chairman with a request to authorize the delay of provision of the material of the subject to Board of Directors members;

4.18. If necessary the Secretary of the Board of Directors shall arrange for translation into English of the provided information materials on the subjects of the agenda for the Board of Directors meeting.

4.19. All members of the Board of Directors should be notified of a meeting of the Board of Directors not later than 10 (ten) calendar days prior to the date of the meeting.

4.20. The notification of the meeting shall include: (1) timing and venue for the meeting; (2) subjects of the agenda.

4.21. The notification of the Board of Directors meeting shall be signed by Board of Directors Chairman or on his behalf by Board of Directors Secretary.

4.22. The notification of the meeting shall be forwarded in written form to all Board of Directors members via fax or any other mode convenient for them (including but not limited to: mail, telegraph,

teletype, telephone, e-mail and other mode). The notification of the meeting shall be simultaneously delivered to Board of Directors members by mail or courier.

4.23. The Board of Directors Chairman shall advise all Board of Directors members of any change in timing or venue for the Board of Directors meeting taking into account the time they need on the way to get to the venue of the meeting.

4.24. The Board of Directors members shall be supplied with complete information materials on each subject of the agenda.

4.25. When convening the Board of Directors meeting, all members shall be provided with the following information materials:

- information on fulfillment of resolutions previously adopted by the Board of Directors;
- explanatory/information note on each subject of the agenda identifying the persons who submitted the issue to the Board of Directors, the substance of the issue, applicable law, draft resolution, procedure for resolution adoption and other relevant information;
- draft corporate documents submitted to the Board of Directors for approval;
- draft business-plans (budgets, financial plans) and other plans and programs submitted to the Board of Directors for approval;
- information on major transactions and related-party transactions submitted to the Board of Directors for approval and material terms & conditions of such transactions.

4.26. The information materials on the agenda subjects may be sent to the Board of Directors members along with the notification of the meeting or separately but in any case within 10 (ten) calendar days at the latest prior to the meeting.

4.27. This timeframe for submission of the materials to the Board of Directors members may be reduced by the decision of the Board of Directors Chairman: (1) for information materials related to financial statements of the Company; (2) in exceptional cases when the submission of information materials appears to be impossible within the established timeframe. In this case the information materials shall be provided to the Company Board of Directors members within the reduced timeframe by the decision of the Board of Directors Chairman.

4.28. For the purpose of the enhanced performance efficiency of the Board of Directors it is highly recommended to submit the remarks and guidelines to the Board of Directors' members to the distributed information materials within 3 (three) calendar days at the latest prior to the meeting. The remarks and guidelines presented shall be sent to the Board of Directors Secretary with a copy to the Board of Directors Chairman for subsequent distribution among the Board of Directors members.

## **5. HOLDING OF THE BOARD OF DIRECTORS MEETING, SUMMARIZING THE RESULTS OF THE MEETING**

5.1. Participants of the Board of Directors meetings.

Apart from the Board of Directors members, the Board of Directors meeting may be attended by the Company President.

Depending on the subjects included into the Board of Directors meeting agenda, the meeting may be attended by the following individuals:

- Vice Presidents and other Company employees;
- Members of the Company Auditing Committee;
- Company auditors;

- hired experts;
- other invited persons as agreed with the Company Board of Directors Chairman.

The specific list of persons invited to participate in the Board of Directors meeting shall be defined by the Board of Directors Chairman, when convening the meeting.

5.2. The Board of Directors member may participate in the meeting by sending a written opinion on the Board of Directors meeting agenda subjects to be considered in determining the presence of quorum and the voting results on the Board of Directors meeting agenda subjects.

5.3. Any opinion expressed in written form shall be submitted by the Board of Directors members to the Board of Directors Chairman or Board of Directors Secretary prior to the commencement of the meeting or in course of the meeting;

5.4. Upon availability of the proposals on changing the agenda of the meeting, such proposals shall be reviewed prior to the discussion of the first subject of the agenda;

5.5. The consideration of the subject of the agenda shall commence from the report on the substance of the pending subject. The report on the agenda subjects may be delivered by the Board of Directors Chairman, Board of Directors members, Company President or invited persons.

5.6. Upon the delivery of the report on agenda subject, the Board of Directors members shall have an opportunity to ask questions, listen to the speaker's answers on the substance of the subjects as well as to discuss the material on the agenda subject presented.

5.7. The consideration of the agenda subject shall be closed with voting on the agenda subject and summarizing of the voting results.

5.8. Depending on the nature of the pending agenda subjects and other circumstances, the Board of Directors Chairman shall be entitled to change the process of holding the Board of Directors meetings.

5.9. The resolution at the Board of Directors meeting shall be adopted by the majority of votes from the attendant members of the Board of Directors, unless otherwise is established by the law of the Russian Federation and/or Company Charter.

5.10. When addressing the issues at the Board of Directors meeting, each member of the Board of Directors shall be entitled to one vote.

5.11. The Board of Directors shall adopt resolutions by open voting unless otherwise is established by the Board of Directors Chairman, when convening the meeting.

5.12. The Board of Directors members are deemed to have taken part in absentee voting if their ballots are received prior to or on end date for collecting the ballots.

5.13. The Board of Directors meeting shall be supported by adequate minutes.

5.14. The functions on taking and keeping the Board of Directors' minutes shall be exercised by the Board of Directors Secretary.

5.15. The Board of Directors minutes shall be drawn within 3 (three) days at the latest upon holding of the meeting (end date for collecting the voting ballots).

5.16. The written opinions of the Board of Directors members taken into consideration in determining the presence of quorum and voting results on the agenda subjects shall be attached to the Board of Directors meeting minutes.

5.17. The minutes shall be drawn and signed in Russian. The Board of Directors Secretary shall organize a translation of the minutes into English.

5.18. The copy of the Board of Directors meeting minutes shall be distributed by the Board of Directors Secretary to the Board of Directors members within 5 (five) business days at the latest from the date of signing the minutes.

## **6. PROCEDURE FOR ADOPTION OF RESOLUTIONS BY ABSENTEE VOTING**

6.1. The resolution of the Company Board of Directors related to its competence may be adopted by absentee voting.

6.2. The absentee voting shall be held by the decision of the Board of Directors Chairman. Other members of the Board of Directors may propose to hold absentee voting.

6.3. When making decision on holding absentee voting, the Board of Directors Chairman shall determine:

- subjects submitted to absentee voting;
- draft resolution on the agenda subjects;
- wording and form of the voting ballot;
- list of information materials submitted to the Board of Directors members;
- timing when the Board of Directors members shall be provided with the voting ballots and other information materials;
- deadline for receipt of the ballots;
- address for sending the ballots.

6.4 The notification on holding absentee voting shall be sent to all members of the Board of Directors within 10 (ten) calendar days at the latest prior to the end date for collecting the ballots. This deadline may be reduced by the decision of the Board of Directors Chairman.

6.5. The notification of absentee voting shall include:

- subjects submitted to absentee voting;
- end date for collecting the ballots;
- address for sending the ballots.

The notification on holding absentee voting shall be signed by the Board of Directors Chairman and on his behalf by the Board of Directors Secretary.

6.6. Along with sending notices on holding absentee voting to all members of the Board of Directors the following items shall be sent:

- Voting ballots on all subjects submitted to absentee voting;
- Information materials on all subjects submitted to absentee voting.

6.7. The written notification on holding absentee voting shall be sent to all members of the Board of Directors via fax or any other mode convenient for them (including but not limited to: mail, telegraph, teletype, e-mail or other mode). The notification on holding absentee voting shall be simultaneously delivered to the Board of Directors members by mail or courier.

6.8. The absentee voting ballots for Board of Directors members shall include the following information:

- full name and location of the Company;
- end date for collecting the ballots;
- address for sending the ballots;
- wording of each subject submitted to absentee voting, draft resolution and voting options for each of them stated as “pro”, “contra” and “abstained”;
- indication that the ballot shall be signed by the Board of Directors member.

6.9. The Board of Directors members are deemed to have taken part in absentee voting if their ballots have been received in the original prior to or on the end date for collecting the ballots.

6.10. Summarizing of the voting results and taking minutes of absentee voting shall be made within 3 (three) days at the latest from the established end date for collecting the ballots. The absentee voting minutes shall be signed by the Board of Directors Chairman and Board of Directors Secretary.

6.11. All members of the Board of Directors shall be advised of the resolutions of the Board of Directors adopted by absentee voting and the related absentee voting results within 3 (three) days at the latest upon signing the absentee voting minutes by sending the copy of the minutes to all members of the Board of Directors.

## **7 FOLLOW-UP PROCESS FOR THE RESOLUTIONS (ASSIGNMENTS) ADOPTED**

7.1. The Board of Directors follow-up process for the resolutions adopted shall be initiated with a view to ensuring the implicit, quality, accurate and timely performance of the resolutions adopted.

7.2. The whole array of Board of Directors resolutions to be implemented and addressed in the Board of Directors meeting minutes shall be exposed to verification and control. The timing for implementation of the Board of Directors resolutions shall be defined by the decisions of the Board of Directors or Board of Directors Chairman.

7.3. The Board of Directors follow-up process for the resolutions adopted shall be initiated by the Board of Directors Secretary. The responsible parties for implementation of the assignments shall provide the information on the Board of Directors resolution fulfillment status within the timeframe not exceeding 1 (one) business day from the date of receiving the enquiry from the Board of Directors Secretary.

7.4. In case of failure to supply the Board of Directors Secretary with the information on the resolution (assignment) fulfillment status, the Board of Directors Secretary shall be entitled to recourse to the Company President with a request on the Board of Directors resolution (assignment) fulfillment status.

7.5. In case of objective inability to implement the Board of Directors resolutions within the established timeframe, the party responsible for resolution implementation shall approach the Company President in advance (2-3 business days prior to the end date for resolution implementation timing) with the reasoned justification (providing the copies of the appeal to the Board of Directors Secretary) to resolve the question of sending the petition to postpone the resolution (assignment) implementation timing to the Board of Directors Chairman.

7.6. In case of failure to execute the Board of Directors resolutions within the established timeframe the Board of Directors Secretary shall not later than the date following the business day from the end date for executing the resolutions bring the information on non-execution of the resolutions to the knowledge of the Board of Directors Chairman and Company President.

**Annex No. 5**  
**to the Regulations on the Board of Directors**  
**of Mobile TeleSystems OJSC**

**BALLOT No. \_\_\_\_\_**

for absentee voting of a member of the Board of Directors  
of Mobile TeleSystems Open Joint Stock Company

\_\_\_\_\_ (Name, Surname)

Location of the Company:  
Address for Ballots to be forwarded:  
Deadline for receipt of ballots:

**Item 1.**

**Subjects put to the vote:**

**Voting result:**

<i>IN FAVOUR</i>	<i>AGAINST</i>	<i>ABSTAINED</i>
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*Leave the desired voting option unchanged, and strike out the undesired options.*

**Item 2.**

**Subjects put to the vote:**

**Voting result:**

<i>IN FAVOUR</i>	<i>AGAINST</i>	<i>ABSTAINED</i>
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*Leave the desired voting option unchanged, and strike out the undesired options.*

**The voting ballot shall be personally signed by the member of the Board of Directors.**

**Signature** \_\_\_\_\_ / \_\_\_\_\_ /

A ballot filled in with violation of the said requirements shall be deemed void.

This ballot shall be forwarded to MTS OJSC at the address:

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**MOBILE TELESYSTEMS OJSC  
DIRECTOR INDEPENDENCE QUESTIONNAIRE**

Director's name: \_\_\_\_\_

**I have filled out the attached questionnaire to the best of my knowledge as of the date stated below and understand that Mobile TeleSystems OJSC (the "Company") and its board of directors will rely upon this information in connection with evaluating my status as a member of the board of directors and its compliance with listing standards and SEC rules and any disclosure required thereunder. I will notify the Company promptly if any of this information becomes incorrect.**

Date: [●], 20\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature

## Key Definitions and General Instructions

With this questionnaire, certain terms have been used that have particular meanings associated with them. These terms, and their meanings, are as follows:

**Affiliate:** The term “Affiliate” of the Company, or a person “affiliated” with the Company, includes any of the following persons:

1. any Director or Officer of the Company;
2. any person who directly or indirectly controls, or is controlled by, or is under common control with, the Company;
3. any person performing general management or advisory services for the Company;  
and
4. any “Associate” of the foregoing persons.

**Associate:** A person is an “Associate” of another person, or is “associated” with another person, if: (i) the person is any relative (as defined below) of the other person, (ii) the person is an Officer or partner, or directly or indirectly the beneficial owner of 10% or more of any class of equity securities of, any corporation or organization (other than the Company or its subsidiaries); or (iii) the person has a substantial beneficial interest, or serves as a trustee, executor or in a similar fiduciary capacity with respect to, the other person and the other person is a trust or estate.

**Control:** “control” (including the terms “controlling,” “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

**Director:** any director of a corporation, trustee of a trust, general partner of a partnership, or any person who performs for an organization functions that are similar to those performed by the foregoing persons.

**Immediate Family:** a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the person’s home.

**Managing entity:** an entity that is entitled to act as the company’s sole executive body in accordance with the applicable provisions of Russian law.

**Officer (executive officer):** a president, vice president, secretary, treasurer or principal financial officer, controller or principal accounting officer and any person routinely performing corresponding functions with respect to any organization whether incorporated or unincorporated.

**Person:** an individual, corporation, partnership, limited liability company, association, joint stock company, trust, unincorporated organization or a government or political subdivision thereof.

**Please assume that any references to a company, including references to the Company, include any parent or subsidiary in a consolidated group.**

1. Are you now, or have you been within the three years prior to the date you sign this questionnaire, employed in any capacity by the Company or its Management entity, or

Do you have an Immediate Family member who is now, or has been within the three years prior to the date you sign this questionnaire, an executive officer of the Company or its Management entity?

Yes  No

2. During any 12-month period between January 1, 20\_\_ and the date you sign this questionnaire, have you, an Immediate Family member of yours or any business solely owned by you received from the Company any direct compensation that exceeds \$120,000 other than director or committee fees/compensation and pension or other forms of deferred compensation for prior service that is not contingent in any way on continued service?

Yes  No

3. Are you a current partner or employee of a firm that is the Company's internal or external auditor; or

Is an Immediate Family member of yours a current partner of a firm that is the Company's internal or external auditor, or

Is an Immediate Family member of yours a current employee of a firm that is the Company's internal or external auditor and personally working on the Company's audit; or

Did you or an Immediate Family member at any time within the three years prior to the date you sign this questionnaire work on the Company's audit as a partner or employee of a firm that is the Company's internal or external auditor?

Yes  No

*Note: For purposes of this question 3, any reference to the Company's internal auditor shall include the Company's Audit Commission.*

4. Are you or an Immediate Family member now employed, or have you or an Immediate Family member been employed between January 1, 20\_\_ and the date you sign this questionnaire, as an executive officer of another company where any of the Company's present executive officers serves or served at the same time on the other company's compensation committee?

Yes  No

5. Are you a current employee, or do you have an Immediate Family member who is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount that, in any of the last three fiscal years of the other company, exceeds (or that, in the current fiscal year, is likely to exceed) the greater of \$1 million, or 2% of the other company's consolidated gross revenues for that respective year?

Yes  No

6. Are you a government official or a representative of any government or governmental entity?

Yes  No

7. Are you a party to any contract or any other arrangement with the Company which entitles you to purchase assets from the Company (or receive money from the Company) the value of which exceeds 10% of your aggregate annual income?

Yes  No

8. Are you a party to any contract or any other arrangement with the Company the aggregate value of which exceeds 10% of the balance sheet value of the Company's assets?

Yes  No

*Note: For purposes of this question 8, please use the value of the Company's assets as reflected in its most recent consolidated balance sheet under U.S. GAAP.*

9. Please list the names of all companies (including charitable organizations, educational institutions and other non-profit organizations) for which you serve as a member of the board of directors or as an executive officer, as well as the committees on which you serve.

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For any other company for which you serve as a director, are you aware of any services or products that could be regarded as competitive with those of the Company?

Yes  No

10. Do you directly or indirectly beneficially own more than 10% or more of any class of the Company's equity securities?

Yes  No

*Note: Under SEC rules, ownership of 10% or less of the outstanding voting stock is presumed not to create affiliate status. If ownership exceeds 10%, the Company may or may not determine that such ownership creates affiliate status depending on the facts and circumstances, under SEC rules.*

11. Are you an "Affiliate" of the Company or any subsidiary of the Company, other than in your capacity as a member of the board of directors or any committee of the board of directors of the Company and/or its direct or indirect subsidiaries? See definition at page 2.

Yes  No

12A. Are you serving as a director of any of the Company's direct or indirect majority-owned consolidated subsidiaries?

Yes  No

If yes, please list each such subsidiary and all positions that you hold with that subsidiary:

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12B. Are you a party to any existing or proposed contract or other written or oral arrangement that provides for payments to you from the Company or any of its subsidiaries of any consulting,

advisory or other compensatory fee, other than compensation for your service as a member of the Company's board of directors or of any committee of the board of directors (or boards or board committees of the Company's subsidiaries)?

Yes  No

12C. Is any spouse, minor child or stepchild of yours, or any child or stepchild of yours sharing a home with you, a party to any existing or proposed contract or other written or oral arrangement that provides for payments to that individual of any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries?

Yes  No

12D. Is any entity (i) in which you are a partner, member, managing director, executive officer, or principal or in which you occupy a similar position, and (ii) that provides accounting, consulting, legal, investment banking, financial advisory or any similar services, a party to any existing or proposed contract or other written or oral arrangement that provides for payments to that entity of any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries?

Yes  No

13. Are you able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement?

Yes  No

#### 14. Audit Committee Financial Expert Status

(a) *Expertise Criteria.* Do you have each of the following measures of financial expertise (to qualify, each item in (a) must be "yes"):

- an understanding of US generally accepted accounting principles and financial statements;

Yes  No

- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

Yes  No

- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

Yes  No

- an understanding of internal control over financial reporting; and

Yes  No

- an understanding of audit committee functions.

Yes  No

(b) *Experience Criteria*. Have you acquired the above financial expertise outside of and/or prior to serving on the Company's audit committee and through one or more of the following (to qualify, you must meet at least one of the following criteria):

- Do you have education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions?

Yes  No

If "Yes," please list applicable education and experience:

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- Do you have experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions?

Yes  No

If "Yes," please list applicable supervisory positions:

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- Do you have experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements?

Yes  No

If "Yes," please list applicable oversight or assessment positions:

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- Do you have other relevant experience that you believe is equivalent to the experience listed in any of the three bullet points above?

Yes  No

If "Yes," please describe the relevant experience:

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