

APPROVED by
Annual general meeting of
OJSC VolgaTelecom stockholders

June 24, 2008.

Minutes № 8 of June 26, 2008.

Chairman of annual general meeting of
stockholders

signature S.V. Omelchenko

REGULATION ON THE BOARD OF DIRECTORS of
Open Joint Stock Company VolgaTelecom
(OJSC VolgaTelecom)
Restated version

Nizhny Novgorod city,
2008

1. GENERAL PROVISIONS

1.1. The present Regulation on the Board of directors (hereinafter – the Regulation) in accordance with the Civil Code of the Russian Federation, Federal Law “On joint- stock companies” and the Articles of association Open Joint Stock Company VolgaTelecom (hereinafter - the Company) defines the procedure of convocation and holding of meetings of the Board of directors, the size and procedure of payment of remunerations and compensations to the Company’s Board of directors members.

1.2. The Board of directors is the Company’s collegial management body performing corporate management of the Company’s activities, except for resolving the issues referred by federal laws and the Company’s Articles of association to the competencies of general meeting of the Company’s shareholders.

2. OBJECTIVES AND PRINCIPLES OF THE BOARD OF DIRECTORS' ACTIVITIES

2.1. The objectives of the Board of directors’ activities are ensuring maximisation of profit and increase in the Company’s assets, protection of the rights and legitimate interests of shareholders, ensuring completeness, reliability and objectivity of the public information about the Company.

2.2. To realize the objectives of its activities, the Board of directors is to be guided by the following principles:

- decision making on the basis of trustworthy information about the Company’s activities;
- inadmissibility of restriction of rights of shareholders to participate in the Company’s activities management, to receive dividends and information about the Company;
- achievement of balance of interests of various groups of shareholders and making most objective decisions by the Board of directors in the interests of all shareholders of the Company.

3. RIGHTS AND DUTIES OF A MEMBER OF THE BOARD OF DIRECTORS, PROCEDURE OF THEIR EXERCISE

3.1. A member of the Board of directors has the right:

3.1.1. to approach the Company with written requests to provide the Company’s information (documents) both public and other information recognized by the Company as insider information, in the procedure established by the Company’s internal documents;

3.1.2. to receive compensation for expenses related to exercise of functions of a member of the Company's Board of directors in the procedure provided by the present Regulation;

Provided that there is no prohibition on his/her paid work in the activities of business entity management bodies as established by current legislation of the Russian Federation, to get remuneration for his/her exercise of functions of a member of the Company's Board of directors in the procedure provided by the present Regulation or to exercise the functions of a member of the Board of directors without pay;

3.1.3. to demand making entry of his/her dissenting opinion on the agenda issues, made decisions into the minutes of the Board of directors' meeting.

3.2. A member of the Board of directors is obliged:

3.2.1. to be loyal to the Company, i.e. to abstain from using his/her position in the Company in interests of other persons;

3.2.2. to act within his/her rights in accordance with the objectives and principles of activities of the Board of directors;

3.2.3. to act reasonably, in good faith in regard to the Company's business;

3.2.4. not to disclose known to him/her confidential information about the Company's activities;

3.2.5. to initiate meetings of the Board of directors for decision making of issues at hand;

3.2.6. to participate in decision making of the Board of directors by voting on issues of its meetings agenda;

3.2.7. to make informed decisions after studying all necessary information (materials);

3.2.8. to assess risks and adverse effects at decision making;

3.2.9. to inform the Company about his/her affiliation and its changes in due time;

3.2.10. to notify the Board of directors about anticipated transactions in which he/she may be recognized to be a party concerned;

3.2.11. to notify in writing the Board of directors about holding the Company's securities, and also about purchase and sale of the Company's securities, its subsidiary and associated companies, to disclose the information about transactions made with such securities (about the quantity, type of securities, date of sale or acquisition) not later than 5 days since the time of their settlement;

3.2.12. to inform the Company in writing on the establishment (lifting) of a prohibition on his/her paid work in business entity management body, the prohibition being established by current legislation of the Russian Federation;

3.2.13. in case of his/her intention to exercise the functions of the Board of directors' member without remuneration, to inform the Company about it in writing.

3.3. The activities of a member of the Board of directors are continuous and are not limited to participation in the Board of directors' decision making.

3.4. Upon written requisition of a member of the Board of directors the Company is obliged to provide him/her with access to the information and the documents provided by item 3.1.1 of the present Regulation.

Thereby, the requested information and documents should be given for familiarization to a member of the Board of directors within five days since the date of submitting the relevant requisition, if the Company's internal documents defining the procedure of providing such information (documents) do not provide for a different term, but not more than 30 days.

The Company is obliged to provide the copies of documents necessary for the Board of directors' member at his/her request.

4. THE CHAIRMAN OF THE BOARD OF DIRECTORS

4.1. The Chairman of the Board of directors is elected at the first meeting by the members of the Board of directors among them by a majority of votes of members of the Company's Board of directors participating in the meeting.

4.2. The person acting as the Company's single executive body cannot be concurrently the Chairman of the Board of directors.

4.3. The Board of directors has the right to re-elect the Chairman of the Board of directors at any time.

4.4. Members of the Board of directors have the right to elect a deputy to the Chairman. In case of absence of the Chairman of the Company's Board of directors, all his/her functions (including the right of signature of documents) are performed by his/her deputy, and in case of absence of the latter, by one of the members of the Board of directors by the decision of the Company's Board of directors adopted by a majority of votes of its members participating in the meeting.

4.5. The Chairman of the Board of directors organizes the activities of the Board of directors, convokes its meetings and presides over them, organizes taking of the minutes of its meetings.

4.6. The Chairman of the Board of directors has no right to entrust the exercise of his/her functions to other person.

5. SUPPORT OF THE BOARD OF DIRECTORS ACTIVITIES

5.1. The Board of directors activities are supported by the Company's corporate secretary. The corporate secretary's functions of supporting the Board of directors'

activities are defined by the Regulation on corporate secretary and corporate secretary's back office.

5.2. Provided that corporate secretary is absent, the Board of directors' activities are supported by other person appointed by the Company's Board of directors for the period of corporate secretary's absence.

6. THE BOARD OF DIRECTORS' MEETINGS

6.1. Meeting of the Board of directors may be held in the form of compresence (including conference call) or absentee voting.

6.2. Meetings of the Board of directors should be held on a regular basis in accordance with action plan approved at the meeting of the Board of directors. If required the Board of directors considers the issues not included in the action plan.

6.3. A meeting of the Board of directors is convoked by the Chairman of the Board of directors on his/her own initiative, upon requisition of a member of the Board of directors, of the Board of directors' committee, the Auditing committee, the Company' auditor, single or collegial executive body of the Company, and also upon requisition of shareholders (shareholder) owning in aggregate at least 5% of the Company's voting shares.

The agenda of convoked meeting is defined by the Chairman of the Board of directors with due account for approved action plan of the Board of directors and received requests of persons (bodies) listed in paragraph one of the present item.

6.4. The requisition about convocation of a meeting of the Board of directors should include the following information:

6.4.1. the name of the initiator of convocation or the name of the body or a legal entity that made the requisition;

6.4.2. provided that the requisition about meeting convocation is submitted by a shareholder, the quantity and category (type) of shares owned by him/her;

6.4.3. the form of meeting holding (compresence or absentee voting);

6.4.4. the date of the meeting holding in the form of compresence or, in case of the meeting holding in the form of absentee voting, the end date of voting by the members of the Board of directors on the agenda issues;

6.4.5. the meeting agenda;

6.4.6. the list of information (materials) provided to the members of the Board of directors for the meeting.

In addition, the requisition about convocation of a meeting of the Board of directors may include the following information:

6.4.7. time and place of holding the meeting (in case a meeting is held in the form of compresence);

6.4.8. drafts of decisions on the agenda issues, and also information about candidates for election (appointment) of bodies and persons, if among proposed issues there are issues of election (appointment) of such bodies and persons;

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

6.5. The notice on convocation of a meeting of the Board of directors is sent out to each member of the Board of directors along with necessary materials in time not less than 14 business days prior to the meeting holding (and in case of holding the meeting in the form of absentee voting, prior to the end date of voting). The said period may be reduced if it is necessary to solve urgently some issues provided that not a single member of the Board of directors objects to it. The objection is the opinion of the Board of directors' member served to the Company in written form by one of the methods provided by this item for giving notice on meeting holding not later than the time indicated at dispatch of notice of consideration of issues in shorter period of time to the Board of directors' members.

If it is necessary to hold a meeting of the Board of directors within shorter deadlines in accordance with current legislation, the term of sending the notice and the necessary materials should be reduced.

The notice of the meeting holding is sent to members of the Board of directors in writing or other form convenient for them (including by post, cable, teletype, telephone, electronic or other communication facilities). The notice of the meeting should include the information provided in sub-items 6.4.3. - 6.4.8 of the present Provision, and also the address at which members of the Board of directors may submit their written opinion. On the initiative of bodies and persons entitled to require convocation of the Board of director's meeting, additional issues may be included into the agenda of the convoked meeting, provided that not a single member of the Board of directors objects to it. Proposal of including an additional issue into the agenda of the convoked meeting is to be presented in writing and is to contain the wording of such issue and also the information provided by sub-items 6.4.1, 6.4.2, 6.4.6 of the present Provision. Bodies and persons which proposed to convoke the meeting (an issue was included into the meeting agenda) have the right to withdraw their proposal in writing at any time prior to the time of summing up the results of voting on the proposed issues. Objection to including additional issue into the agenda of convoked meeting is the opinion of the Board of directors' member served to the Company in written form by one of the methods provided by this item for giving notice on meeting holding not later than the time indicated at dispatch of notice of including additional issue into the agenda to the Board of directors' members.

If there are circumstances making the meeting of the Board of directors impossible or complicated in the place and (or) during the time of which the Board of directors' members were notified, the meeting with the planned agenda may take place at another location and (or) at other time. All members of the Board of directors should be notified about the change of the place and (or) time of the

meeting of the Board of directors taking into consideration the necessary time for arrival of the Board of directors' members to the meeting. The notice of the said changes is sent to the members of the Board of directors in any form that guarantees the receipt of the notice by a member of the Board of directors at the address of location of the Board of directors' member or at the address of his/her correspondence receipt. All the Board of directors' members should be notified of the change of the meeting agenda in the procedure provided for notice of holding a meeting. The first (organizational) meeting of the Board of directors is held without preliminary dispatch of notices on the day of the shareholders general meeting at which the Board of directors is elected (in case when the resolution on the election of the members of the Board of directors, and also the results of voting on it have been announced at the general meeting of shareholders at which the voting took place).

6.6. In decision making by the Board of directors at the meeting held in the form of compresence, the members of the Board of directors present at the meeting are obliged to express their opinion on the agenda issues by voting.

If a member of the Board of directors cannot be present in person at the meeting held in the form of compresence, and also in case of the meeting held in the form of absentee voting, a member of the Board of directors has the right to provide his/her written opinion on the agenda issues.

6.7. Written opinion of the Board of directors' member may be expressed by one of the following methods:

6.7.1. presentation of written opinion on the agenda issues.

Written opinion should include the voting of the Board of directors' member on each issue of the agenda on which he/she has the right of vote, expressed by "Aye", "Nay" or "Abstain". In case of "Aye" voting the draft of the decision for which the Board of directors' member is voting (draft of decision proposed in notice of meeting holding, or draft of decision changed by the Board of directors' member in his/her discretion) should be formulated.

Written opinion of the Board of directors' member, who does not have the right of vote on the agenda issue, may state the draft of decision for which "Aye" voting is proposed to the Board of directors' members having the right of vote (draft of decision proposed in notice of meeting holding, or draft of decision changed by the Board of directors' member in his/her discretion) or proposal of "Nay" or "Abstain" voting on the draft of decision proposed by the initiator of the issue consideration.

Written opinion of the Board of directors' member may include:

remarks on provided materials (information) requiring making specific amendments in provided materials (information);

comments (interpretations) to provided materials (information), remarks of descriptive, critical nature not requiring amendment of provided materials (information) on which the decision is made;

appeal to the Company or initiators of consideration of specific issue of the meeting agenda with the request to provide him/her with additional information related to the issue but not mandatory for decision making and the provision of which does not affect his/her voting;

appeal to the Company with the request to provide him/her with the copies of materials (information) provided by the Board of directors' decisions in case of their adoption.

6.7.2. written questionnaire of the Board of directors' member of drafts of decisions of agenda issues proposed in the notice of meeting holding. Such questionnaire is distributed only in case of absence of written opinions of the Board of directors' members for the meeting held in the form of absentee voting.

6.7.3. written questionnaire of the Board of directors' member for the meeting held in the form of absentee voting, of drafts of decisions of agenda issues stated in written opinions provided by the Board of directors' members. If not a single written opinion has "Aye" voting (proposal to vote) on some agenda issue, the questionnaire on this issue is distributed basing on the draft of decision proposed in the notice of meeting holding.

6.7.4. written questionnaire of the Board of directors' member intending to be absent from the meeting held in the form compresence of drafts of decisions of agenda issues proposed in the notice of meeting holding.

6.7.5. written questionnaire of the Board of directors' member absent from the meeting held in the form compresence of drafts of decisions of the agenda issues drawn up by the Board of directors' members present in the meeting.

Written questionnaire of the Board of directors' members is conducted by their filling in of paper of interrogatories prepared by corporate secretary.

6.8. When the meeting is held in the form of absentee voting, the paper of interrogatories are prepared and sent out to the Board of directors' members on the last business day prior to the end date of voting of the Board of directors' members. However, in questionnaire of written opinions, the written opinions of the Board of directors' members served prior to the date of paper of interrogatories send out are accepted.

If during the period provided by paragraph 1 of the present item one written opinion is received, the paper of interrogatories is prepared for each member of the Board of directors, except for the one who has provided his/her written opinion. This paper of interrogatories comprises drafts of decisions of the agenda issues stated in received written opinion, and also drafts of decisions proposed in the notice of the meeting holding on those agenda issues which written opinions have "Nay" or "Abstain" voting (proposal to vote).

If during the period provided by paragraph 1 of the present item two or more written opinions are received, the paper of interrogatories is prepared for each member of the Board of directors, including those who have provided their written opinions. This paper of interrogatories comprises drafts of decisions of the agenda issues stated in each received written opinion, and also drafts of decisions proposed

in the notice of the meeting holding on those agenda issues for which neither of written opinions has “Aye” voting (proposal to vote).

6.9. When the meeting is held in the form of compresence, the Board of directors’ member intending to be absent from the meeting and to express his/her opinion in writing has the right to provide written opinion on agenda issues or request the corporate secretary to prepare for him/her the paper of interrogatories with drafts of decisions of the agenda issues proposed in the notice of the meeting holding. The paper of interrogatories is prepared and sent out to the Board of directors’ member on or before 1 business day following the request receipt. If in accordance with paragraph 3 of item 6.11 of the present article the Board of directors’ member absent from the meeting and who has provided his/her written opinion prior to the meeting holding, should be questioned on drafts of decisions of the agenda issues drawn up by the Board of directors’ members present in the meeting, and the paper of interrogatories is prepared and sent out to the Board of directors’ member on the day the meeting holding instantly upon the completion of decisions drafts drawing up.

6.10. If a meeting is held in the form of absentee voting, the following written opinions of the Board of directors’ members are taken into account in defining the quorum and tally of votes subject to the number of provided written opinions:

6.10.1. The following is taken into account if one written opinion is received within the time provided by paragraph 1 of item 6.8 of the present article:

- written opinion,
- duly provided paper of interrogatories, wherein each draft of decisions of the agenda issues has not more than one voting version (“Aye”, “Nay”, “Abstain”).

6.10.2. If within the time provided by paragraph 1 of item 6.8 of the present article two and more written opinions are received, duly provided paper of interrogatories is taken into account; wherein each of versions of drafts of decisions of the agenda issues has not more than one voting version (“Aye”, “Nay”, “Abstain”). “Aye” voting may be left only for one version of the draft of decision of the agenda issue. However, the Board of directors’ member who had provided his/her written opinion earlier has the right:

- to confirm his/her voting on the agenda issue by having voted “Aye” for the version of the decision draft stated in written opinion provided by him/her;

or

- change his/her voting by having voted “Aye” for other version of the decision draft.

Paper of interrogatories of the Board of directors’ member is considered to be duly provided, if it is received on or before the end date of voting, signed by the Board of directors’ member and does not have notes and records not prescribed by the form of paper of interrogatories.

6.11. If a meeting is held in the form of compresence, written opinions of the Board of directors' members absent from the meeting, these opinions being provided on or before the time of the meeting beginning, are taken into account in defining the quorum and tally of votes.

The Chairman of the meeting held in the form of compresence is obliged to read out the written opinion of the Board of directors' member absent from the meeting prior to the beginning of voting on the agenda issue for which this opinion has been provided. If this opinion was provided in the form of written opinion having remarks on materials (information) of the agenda issues requiring making of specific amendments in provided materials (information), and/or amended in his/her discretion drafts of decisions, each member of the Board of directors present at the meeting should vote on provided written opinion.

If the Board of directors' members present at the meeting have drawn up agenda issues decisions drafts differing from those stated in the written opinion of the absent member of the Board of directors, he/she should be questioned on each decision draft put to voting during the day of the meeting holding. To this effect, paper of interrogatories comprises agenda issues decisions drafts stated in his/her earlier received written opinion, and also decisions drafts drawn up by those present at the meeting. The absent member of the Board of directors should leave not more than one voting version ("Aye", "Nay", "Abstain") for each version of agenda issues decisions drafts. "Aye" voting version may be left only for one version of agenda issue decision draft. However, the absent member of the Board of directors has the right:

- to confirm his/her voting on the agenda issue by having voted "Aye" for the version of the decision draft stated in written opinion earlier provided by him/her;

or

- change his/her voting by having voted "Aye" for the version of the decision draft drawn up at the meeting.

6.12. Prior to making decision on the issue which preliminarily was considered by the Board of directors' committees the Board of directors' members should have the opportunity to get familiarized with recommendations of the relevant committees in advance.

6.13. In resolving the issues at the meeting of the Board of directors each member of the Board of directors has one vote.

The assignment of voting right by a member of the Board of directors to other person, including to other member of the Board of directors, is not allowed.

In case of tied vote of the Company's Board of directors' members in decision making, the Chairman of the Board of directors has a casting vote.

In cases, when in accordance with the Company's Articles of association the decision is made by a majority of three quarters of votes or unanimously by all members of the Board of directors without regard to votes of retired members of

the Board of directors; retired members of the Board of directors mean deceased, missing, and disqualified.

6.14. During the meeting of the Board of directors the minutes are taken.

The minutes of the meeting of the Board of directors are drawn up not later than 3 days after the meeting held in form of compresence (completion of voting by the Board of directors' members in case of absentee voting).

The following is stated in the meeting minutes:

- place and time of the meeting held in the form of compresence or in case of absentee voting, the place of drawing up the minutes and the date of completion of voting by the Board of directors' members;
- the persons present at the meeting (in case of the meeting held in the form of compresence): the Board of directors' members (with indication of their having voting right on agenda issues) and invitees;
- the Board of directors' members who provided written opinion (with indication of their having voting right on agenda issues);
- the meeting agenda;
- the draft decisions on the agenda issues put to voting, and the results of voting on them;
- made decisions.

The minutes of the Board of directors' meeting are signed by the officer presiding over the meeting and the Company's corporate secretary.

In case of records, when defining quorum and voting results on the agenda issues, of written opinion of the Board of directors member the written opinions on the agenda issues received from the Board of directors members are attached to the minutes.

The Company is obliged to keep the minutes of the Board of directors' meetings at the place of location of its executive body as per the procedure and during the time fixed by federal executive authority for securities market. If this time is not fixed, the Company is obliged to keep the minutes of the Board of directors' meetings permanently.

The Company is obliged to ensure access to the minutes of the Board of directors' meetings to shareholders, and also to the Board of directors' members, to Auditing committee and to the Company's auditor.

A copy of signed minutes is forwarded to the Board of directors' members within 3 business days since the date of signature in case of arrival of the appropriate request in writing.

7. REMUNERATION TO THE BOARD OF DIRECTORS' MEMBERS AND REIMBURSEMENT OF EXPENSES RELATED TO EXERCISE OF THEIR DUTIES

7.1. The Company incurs charges related to the Board of directors' activities and reimburses for all document supported costs related to exercise of their functions, to the Board of directors' members.

The Company's Board of directors' member exercising his/her functions for a fee is charged and paid a fee for exercising his/her functions, and also an increment to the remuneration provided by item 7.7. of the present article.

7.2. The remuneration to the Board of directors' member consists of a quarterly and an annual remuneration.

7.3. Quarterly remuneration to the Board of directors' member is established in the amount of RUR 300 000.

For the Chairman of the Board of directors the remuneration is established with coefficient of 1,5.

Quarterly remuneration of the Board of directors' member is reduced by:

30% - in case of his/her presence at less than half of meetings of the Board of directors held in the form of compresence;

100% - if he/she participated in less than half of all held meetings of the Board of directors.

If during a quarter in case of the Board of directors' personal composition change and/or the change of terms and conditions of exercising the functions by the Board of directors' member (for a fee/without remuneration), the remuneration is charged and paid proportionally to the time during which a member of the Board of directors has been exercising his/her functions for remuneration.

7.4. Annual remuneration for the entire composition of the Company's Board of directors is established as the total of deductions according to requirement criteria (percentage):

of the Company's EBITDA by IFRS accounting statement data for the reporting year;

of the Company's net profit at the reporting year-end allocated to the payment of dividends.

Annual remuneration of one member of the Board of directors is defined as the amount calculated in accordance with paragraphs 1-3 of the present item divided by the number of persons elected to the Board of directors.

In case of the Board of directors' personal composition change and/or the change of terms and conditions of exercising the functions by the Board of directors' member (for a fee/without remuneration) during the period from the Board of directors' election by annual shareholders general meeting till the next annual shareholders general meeting, the remuneration is charged and paid proportionally to the time during which a member of the Board of directors has been exercising his/her functions for remuneration.

Annual remuneration of a member of the Board of directors calculated in accordance with paragraphs four and five of the present item is reduced by 50% in

case of his/her participation in less than half of all meetings of the Board of directors held during his/ her term of powers.

7.5. Requirement criteria (percentage) of deductions for calculation of annual remuneration are defined by the resolution of annual general meeting of shareholders and are applied for determining the remuneration size of the persons exercising the functions of the Board of directors' members till the next annual shareholders' general meeting.

7.6. Annual remuneration to a member of the Board of directors is paid not later than 3 months after the expiry of the term of office of the present Board of directors' composition.

7.7. The Board of directors members who are the members of the Company's Board of directors committee are paid an increment to quarterly remuneration, related to their exercise of functions of the Board of directors committees members, in the amount of RUR 60 000 (for participation in each committee), and the Board of directors' member may not be in more than two Board of directors' committees.

For the Chairman of the Board of directors' committee this increment is established with coefficient of 1,25.

7.8. The Board of directors' members are entitled to participate in option programs realized by the Company.

8. THE PROCEDURE OF APPROVAL OF THE PROVISION AND INTRODUCTION OF AMENDMENTS INTO IT

8.1. The present Regulation is approved by general meeting of shareholders by a majority of votes of shareholders - owners of the Company's voting shares.

8.2. The present Regulation may be amended and modified by general meeting of shareholders by a majority of votes of shareholders - owners of the Company's voting shares.

8.3. If as a result of change in the Russian Federation legislation or the Company's Articles of association some articles of the present Regulation are contradicting it, the Regulation is applied in the part that does not contradict the current legislation and the Company's Articles of association.