

APPROVED

**by the General Meeting of Shareholders
of Mobile TeleSystems OJSC**

_____, 200__

Minutes No. _____

**REGULATION
ON THE BOARD OF DIRECTORS
of
Mobile TeleSystems
Open Joint Stock Company
(version № __)**

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1. General

- 1.1 This Regulation has been developed in accordance with the laws of the Russian Federation and the Charter of Mobile TeleSystems Open Joint Stock Company (hereinafter referred to as the “Company”).
- 1.2 The Regulation 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 This Regulation 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, this Regulation, 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 members of the Board of Directors. 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:

- 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 the Company’s shareholders.

2.1.2 To achieve these goals, the Board of Directors, within its competence, acting directly or through its Committees shall meet the following objectives:

- 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; and
- 18) from time to time review reports of the Auditing Committee and other Committees under the Board of Directors, provide recommendations if required and request reports on implementation of recommendations.

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 have a right:

- 1) to hear reports of the Company's officers in accordance with its competence;
- 2) to request reviews and internal audits of the Company's financial and business operations by the Auditing Committee;
- 3) to form committees and commissions, formed from its own members and involving specialists from the Company and third party experts, to meet particular objectives – the board and its committees (consistent with the provisions of their respective charters) have the authority to invite such outside counsels, experts, and other advisors as they determine necessary to assist them in the performance of their functions;
- 4) to 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; to submit proposals on the Company's Auditor to the General Meeting of Shareholders for approval;
- 5) to take other actions within its competence;
- 6) to establish a Staff of the Board of Directors or similar unit to support the Board of Directors in the performance of its functions; and
- 7) to engage independent third party experts to review draft resolutions.

2.2.2 Every member of the Board of Directors shall have a right:

- 1) to require officers and employees of the Company to provide any information (documents and materials) and explanations relating to the 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) to propose matters for consideration at meetings of the Board of Directors;
- 3) to inspect the minutes of meetings of the Board of Directors;
- 4) to receive compensation for performance of his/her duties and/or reimbursement of expenses relating to his/her performance of the functions of a member of the Board of Directors, 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; and

- 5) to request that his/her dissenting opinion on agenda items or adopted resolutions be recorded in the minutes of a meeting of the Board of Directors.

2.3 Duties of the members of the Board of Directors

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 and performance of other permanent or temporary assignments of the Board of Directors.

2.3.2 A member of the Board of Directors shall have a duty:

- 1) to be loyal to the Company;
- 2) to act, when performing his/her rights and duties, for the Company's benefit;
- 3) to act within his/her rights and duties in accordance with the goals and objectives of the Board of Directors;
- 4) to act reasonably, in good faith, and with due care in relation to the Company's affairs;
- 5) to convene meetings of the Board of Directors to address urgent issues;
- 6) to prepare for, attend and take an active part in the discussions on items considered at meetings of the Board of Directors;
- 7) to participate in the decision-making process of the Board of Directors by voting on items on the agenda of its meetings;
- 8) to make sound decisions, and for that purpose to study all necessary information and materials, perform research, and bring to the attention of all members of the Board of Directors all information, without exception, relevant to resolutions being adopted;
- 9) to refrain from voting on issues in which he/she may be deemed to be an interested party;
- 10) to assess risks and adverse effects, when making decisions;
- 11) to participate in the work of the Committees of the Board of Directors of which he/she is a member;
- 12) to follow instructions and orders of the Board of Directors;
- 13) to 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 Regulation. If changes occur in the provided information, the member shall provide the Company with updated information;
- 14) to 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 he/she holds positions;
 - current or proposed transactions in which he/she may be deemed to be an interested party;
- 15) to inform the Board of Directors of his/her intention to acquire an equity stake in a competitor or to participate in the work of a competitor's management bodies;

- 16) to disclose his/her holdings, sale, and purchase of securities of the Company, and to notify the Chairman of the Board of Directors on his/her intention to engage in a transaction involving shares of the Company;
- 17) to attend the General Meeting of Shareholders and respond to questions from its participants, 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) to refrain from disclosure or use insider information on the Company's activities that becomes known to him/her to his/her benefit or to the benefit of third parties and to act for protection of such information from unauthorized or unlawful disclosure;
- 19) to comply with the requirements of Company's approved Insider Information Policy;
- 20) to observe provisions of the Company's approved Code of Ethics and Business Conduct.

2.4 Liability of the members of the Board of Directors

- 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 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 Director/Directors by third parties or shareholders of the Company in connection with business decisions or other acts taken by such Director/Directors in their 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 "Removed members" of the Board of Directors shall mean members who are deceased or missing or have been declared incompetent according to the Company's Charter.
- 2.5.5 The Board of Directors shall include independent directors. A member of the Board of Directors shall be deemed to be an independent director if such a member meets the criteria specified in Annex 2 hereto.

- 2.5.6. No member of the Board of Directors may be deemed to be independent if he (she) has acted in the capacity of a member of the Board of Directors of the Company for more than five years.
- 2.5.7. Independent members of the Board of Directors shall refrain from actions that may compromise their independent status.
- 2.5.8. 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 applicable corporate governance standards.
- 2.5.9. If after election of an independent member to the Board of Directors such person ceases to be independent due to any changes or new circumstances, such a director should notify the Company's Board of Directors accordingly; disclosure of information shall be made in the form of a written statement of the disclosing member of the Board. The statement shall be addressed to the Chairman of the Board of Directors and the President of the Company. 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 shall notify the shareholders accordingly and, if necessary, may convene an extraordinary General Meeting of Shareholders to elect a new Board of Directors.
- 2.5.10. Disclosure of information shall take place as soon as possible after the relevant event or the receipt by the member of the Board of Directors of the information to be disclosed.
- 2.5.11. The Board of Directors may include non-executive directors: members of the Board who are not members of the Company's executive bodies
- 2.5.12. 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 the members of the Board of Directors and termination of their powers.

- 2.6.1 The members of the Board of Directors shall be elected by the General Meeting of Shareholders in the manner set out in the Company's Charter, this Regulation, and the Regulation 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 the Board of Directors shall terminate, 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 out in Annex 3 to this Regulation. In addition, the Nominations and Compensation Committee should consider the following when making director evaluations:
 - 1) Whether the candidate possesses the highest personal values, judgment and integrity;
 - 2) Whether the candidate possesses an understanding of the regulatory and policy environment in which the Company does business; and
 - 3) Diverse experience in the key business, financial and other challenges that face a major Russian company.
- 2.6.3 Persons elected to the Board of Directors may be re-elected an unlimited number of times. The Nominations and Compensation Committee should consider the following when evaluating a director for re-election:
 - 1) A director's contribution to the effective functioning of the Company;

- 2) Any change in the director's principal area of responsibility with his or her own company or in his or her employment;
 - 3) The director's retirement from his or her principal area of responsibility with his or her company;
 - 4) Whether the director continues to bring relevant experience to the Board;
 - 5) Whether the director has the ability to attend meetings and fully participate in the activities of the Board;
 - 6) Whether the director has developed any relationships with the Company or another organization, or other circumstances have arisen, that might make it inappropriate for the director to continue serving on the Board; and
 - 7) The director's age and length of service on the Board.
- 2.6.4 A member of the Board of Directors may not concurrently be a member of the Company's Auditing Committee.
- 2.6.5 Members of the Board of Directors may not concurrently be members of the counting board.
- 2.6.6 Shares of the Company held by newly elected members of the Board of Directors shall not participate in voting to elect the Company's Auditing Committee.
- 2.6.7 Candidates for the Board of Directors shall be nominated in the manner set out in the Company's Charter and the Regulation on the General Meeting of Shareholders. Any person who at the time of nomination has consented to be elected to more than 5 boards of directors may not be nominated as a candidate for the Company's Board of Directors.
- 2.6.8 The Company shall be provided with the following information about a candidate nominated for the Board of Directors:
- 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: is a member of the Board of Directors, the Executive Board, or Auditing Committee, is the Director General, or is a member of any Committee of the Board of Directors; whether the candidate holds any other positions in the Company; whether the candidate receives compensation for his/her participation in management and supervisory bodies of the Company, apart from Committees of the Board of Directors, etc.); and
 - 9) the candidate's written consent to be elected to the Board of Directors and signed consent to the processing of the candidate's personal data (in the form set out in Annex 4 to this Regulation).
- 2.6.9 The members of the Board of Directors shall be elected by the General Meeting of Shareholders by cumulative voting.
- 2.6.10 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.

- 2.6.11 By resolution of the General Meeting of Shareholders 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.
- 2.6.12. 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 the 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 Chairman of the Board of Directors

- 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 items on 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 Corporate Secretary shall be an officer of the Company.
- 3.3.3 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.
- 3.3.4 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.
- 3.3.5 The Board of Directors may at any time re-elect the person performing the functions of the Corporate Secretary.
- 3.3.6 The Corporate Secretary shall perform his/her functions in accordance with the Regulation on the Corporate Secretary, and in particular:
- 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 internal 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 internal 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 internal 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.
- 3.3.7 By resolution of the Board of Directors the responsibilities of the Secretary of the Board of Directors may be entrusted to the Company's Corporate Secretary personally or to a member of the Staff (Secretariat) of the Board of Directors.
- 3.3.8 In case no position of the Corporate Secretary of the Company is established in the Company, 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.
- 3.3.9 The President of the Company shall on the Company's behalf enter into the employment contract with the Secretary of the Board of Directors pursuant to a resolution and on the terms and conditions established by the Board of Directors.
- 3.3.10 The Secretary of the Board of Directors shall:
- 1) inform the members of the Board of Directors and invitees about upcoming meetings of the Board of Directors;
 - 2) send materials relating to items on the agenda of a meeting of the Board of Directors to the members of the Board of Directors;
 - 3) ensure that additional information on the Company's operations is provided to the members of the Board of Directors upon request;
 - 4) record and bring to the attention of the members of the Board of Directors participating in a meeting information about written opinions submitted by absent members regarding items under consideration at the meeting;
 - 5) keep the minutes of the meetings of the Board of Directors;
 - 6) arrange for the custody of documents of the Board of Directors;
 - 7) upon request, enable members of the Board of Directors, shareholders, and officers of the Company to inspect the minutes of meetings of the Board of Directors, and prepare copies of the minutes and extracts from the minutes of meetings of the Board of Directors;
 - 8) for meetings of the Board of Directors held in remote form, prepare and effect the circulation and collection of ballots and determine the results of voting on items on the agenda;
 - 9) 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;
 - 10) maintain information forms on the members of the Board of Directors;
 - 11) monitor the implementation of the resolutions of the Board of Directors; and
 - 12) assist the Chairman of the Board of Directors in planning the work of the Board of Director;
 - 13) perform any other function set forth in Paragraph 3.3.6 hereof.
- 3.3.11 In fulfilling his/her duties the Corporate Secretary / Secretary of the Board of Directors shall have a right:
- 1) to 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) to gather information on the implementation of resolutions adopted by the Board of Directors and the General Meeting of Shareholders; and
- 3) to mark the receipt of correspondence, applications, and statements from shareholders, indicating the date and time of receipt by the Company.

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

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

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 / Secretary of the Board of Directors shall act in the interests 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 Secretary of the Board of Directors shall not be entitled to disclose any information viewed as a commercial secret under the Company's corporate documents.
- 3) The Corporate Secretary/the Secretary of the Board of Directors 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 Nominations and Compensation Committee, an Auditing Committee, and a Corporate Conduct Committee. Each Committee has a written charter setting forth the responsibilities, duties and authorities of the Committee. The full Board of Directors reviews and approves Committee charters.
- 3.4.2 The Auditing Committee shall be composed solely of independent directors. If it is impossible due to certain objective factors, these Committees may also include non-executive directors, provided that independent directors comprise at least 50 percent of the members of the Committee. Committee assignments, including the designation of committee chairs, are made annually by Board resolution, based on recommendations from the Nominations and Compensation Committee. Assignments are made based on a combination of factors including each individual Board member's expertise and the needs of the Company.
- 3.4.3 Employees of the Company, representatives of shareholders, and other specialists may be involved in the work of the Committees, including as their members.
- 3.4.4 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 chair in consultation with appropriate members of management and with the input of other directors. Each Committee chair makes a report on Committee matters to the Board, generally at the next scheduled Board meeting.

- 3.4.5 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 Chairman of the Board of Directors.
- 3.4.6 Decisions of the Committees shall be advisory for the 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 Manner of calling meetings of the Board of Directors

- 4.1.1 Meetings of the Board of Directors shall be scheduled. A work plan shall be drawn up for a year, covering the period between annual general meetings of shareholders. As necessary, but no less often than once every 6 months, the work plan of the Board of Directors shall be refined/adjusted. The work of the Board of Directors shall be planned in accordance with the manner set out in the Rules of Procedure of the Board of Directors “Preparation for and Holding of the Meetings of the Board of Directors” (Annex No. 5).
- 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 Chairman of the Board of Directors 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 Chairman of the Board of Directors 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 the circulation of the agenda and materials to 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 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”. Directors are expected to review and devote appropriate time to studying Board and committee materials, and may request additional

information as appropriate. In the case of remote voting, the notice of the meeting and materials shall be accompanied by a voting ballot (Annex No.6).

- 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 1 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 Chairman of the Board of Directors, appointment of the Secretary of the Board of Directors (and/or the Corporate Secretary of the Company), formation of committees of the Board of Directors, and determination of the status of the members of the Board of Directors.

4.2 Manner of holding meetings of the Board of Directors

- 4.2.1 The Chairman of the Board of Directors may either convene a meeting or arrange the voting in absentia.
- 4.2.2 A meeting of the Board of Directors shall be authorized to transact business 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 this Regulation). Before each meeting the Secretary of the Board of Directors shall register the members of the Board of Directors attending the meeting. Members may attend a meeting of the Board of Directors in person, or such a meeting may be conducted by electronic means/telephone, including videoconference. In the latter case the Secretary of the Board of Directors 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 items included in the agenda of the meeting.
- 4.2.4 Invitees shall be admitted to a meeting of the Board of Directors with the approval of the Chairman of the Board of Directors.
- 4.2.5 A resolution of the Board of Directors may be adopted by voting in absentia, 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 voting in absentia, if their original ballots are received prior to the deadline of ballot receipt. Such a voting of the Board of Directors 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 voting in absentia shall be performed within 3 (three) days of the deadline of ballot receipt. The voting report shall be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors.
- 4.2.8. All members of the Board of Directors shall be informed on resolutions of the Board of Directors adopted by voting in absentia 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 refrain from adopting resolutions on the following items by voting in absentia:
- 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 Chairman of the Board of Directors;
 - 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".

4.3 Manner of adoption of resolutions by the Board of Directors

- 4.3.1 A resolution shall be deemed adopted if more than a half of the members of the Board of Directors 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 members of the Board of Directors on a resolution, the Chairman of the Board of Directors shall have a casting vote.
- 4.3.2 The written opinions of members of the Board of Directors not present at the meeting of the Board of Directors shall be taken into account when determining whether a quorum is present and determining the results of voting on items on the agenda of the meeting. A written opinion must bear the signature and full printed name of the member of the Board of Directors. A written opinions shall be submitted by members of the Board of Directors to the Chairman of the Board of Directors or the Secretary of The Board of Directors 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 items on the agenda of the meeting. The member's position on an item on 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 items on which it includes the voting of that member.
- 4.3.4 If a copy of the written opinion is not included in the information and materials provided to the members of the Board of Directors for the meeting, the person presiding at the meeting shall read out the written opinion of the member of the Board of Directors, who is absent at the meeting of the Board of Directors meeting, before voting on agenda items on which such member has expressed an opinion.

4.4 Minutes of meetings of the Board of Directors

- 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 will reflect the deliberative process and actions taken 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 items put to a vote and the results of voting thereon; and
 - 5) the resolutions adopted.
- 4.4.3 The minutes of a meeting of the Board of Directors shall be signed by the person presiding at the meeting, who shall be responsible for their correct preparation, and by the Secretary of the Board of Directors.
- 4.4.4 Upon a written request of shareholders, members of the Board of Directors, or senior officers of the Company, the Secretary of the Board of Directors shall prepare and provide copies of the minutes and extracts from the minutes of meetings of the Board of Directors, certified by the Chairman of the Board of Directors.

5 Performance evaluation and compensation of the members of the Board of Directors

- 5.1 The amount and manner of payment of compensation and allowances to the members of the Board of Directors shall be determined by resolution of the General Meeting of Shareholders in accordance with the Regulation on Compensation and Allowances of Members of the Board of Directors. Compensation for members of the Board of Directors shall be reasonable, appropriate, and commensurate with the duties and responsibilities of their Board service.

**to the Regulation 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, or 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

**To the Regulation on the Board of Directors
of Mobile TeleSystems OJSC**

**Board Members' Independence Criteria
OJSC «Mobile TeleSystems»**

Members of the Board who are deemed “independent” shall comply with the independence criteria established by legislation of jurisdictions in which securities of the Company have been registered, requirements of the corresponding stock exchanges (trades arrangers), requirements and recommendations of the corresponding regulatory authorities, as well as the existing corporate governance practice for public companies, including compliance with the following two criteria groups:

1. Board members' independence criteria applied on the US securities' market:
 - 1.1. A Board member shall reasonably confirm the absence of significant relations with the Company (either direct or through the participation of such Board member in another legal entity having relations with the Company as a participant, shareholder or officer of such legal entity).
 - 1.2. A Board member is not, and during three years preceding his appointment has not been a Company employee, and members of his/her family are not and, during three years preceding the appointment, have not been executives of the Company.
 - 1.3. A Board member has not, either directly or indirectly, received any payment or remuneration from the Company or its subsidiaries for the provision of consultancy or similar services, other than remuneration expressed as a fixed amount, or in accordance with employee retirement plan (including deferred payments) for services rendered to the Company in the past (unless such payments in any mode depend on the performance by a Board member of his current duties).
 - 1.4. A Board member or his family members have not received from the Company over US \$100,000 as a direct remuneration within any twelve month period during three years preceding his appointment (save for remuneration for the performance of duties of a Board member, or for participation in the work of the Board committees, as well as pension payments or other forms of deferred payments for services rendered in the past (unless such payments in any mode depend on the performance by a Board member of his current duties)).
 - 1.5. A Board member has no connection with the Auditing Committee or external auditor of the Company, including:
 - A Board member or his family member is not a partner in a company carrying out internal or external audit of the Company;
 - A Board member is not an employee of such a company;
 - A family member of the Board member is not an employee of such firm and does not participate in the accounting or tax audit (save for tax planning practice), nor does he participate in the certification services;

- A Board member or his family member has not been, during three years preceding his appointment, a partner or an employee of such a company and, within this period, has not personally conducted audit of the Company.
- 1.6. A Board member or his family member has not been, during three years preceding his appointment, an executive of another company in which any of the current officers of the Company is or has been a member of the Board's remuneration committee.
- 1.7. A Board member is not an employee of a company, nor his family member is an officer of a company which during three fiscal years preceding his appointment made payments to the Company or received payments from the Company connected with the assignment of property or provision of services, in an amount which, within any of such three fiscal years, exceeded the amount equivalent to one million US Dollars, or 2% of the gross consolidate proceeds of such company.
- 1.8. A Board member is not an affiliate of the Company or any of its subsidiaries. For the purposes of this paragraph, a Board member shall be deemed a Company affiliate, if he directly or indirectly:
- controls the Company;
 - is controlled by the Company; or
 - is under common control with the Company.

In this regard, the Company shall not be deemed being under control of a Board member if he:

- is not a direct or indirect beneficial owner of over 10% of the voting shares in the Company; and
- is not a Company executive.

A Board member shall be deemed a Company's affiliate if, in such Company's affiliate, he is:

- an executive;
- an employee;
- a full partner; or
- a managing participant.

2. Board members' independence criteria applied on the Russian securities' market:
 - 2.1. A Board member has not been, within the last three years preceding his election, and is not an employee or officer (manager) of the Company, nor an officer or an employee of the Company's management organization.
 - 2.2. A Board member is not an officer of another company in which any Company's officer is a member of the Board's committee for human resources and remuneration.
 - 2.3. A Board member is not a spouse, parent, child, brother or sister of the officers (manager) of the Company (an officer of the management entity of the Company).
 - 2.4. A Board member is neither a Company affiliate (save for affiliation in connection with the performance of his duties of a Board member), nor a person affiliated with the Company's affiliates. For the purposes of this paragraph, the term "affiliation" is used in the meaning attributed to it by Russian antimonopoly legislation.
 - 2.5. A Board member is not a party to the obligations (jointly with the Company) in accordance with which he may acquire property (receive money) the value of which constitutes 10 and more percent of his aggregate annual income, other than remuneration for the participation in the activities of the Board.
 - 2.6. A Board member shall not be a representative of a government agency.
 - 2.7. A Board member shall not be a major counterparty of the Company (a counterparty the aggregate amount of whose transactions with the Company would constitute 10 and more percent of the book value of the Company's assets).
 - 2.8. A Board member performs duties of a Company's Board member within no less than 7 years.

**to the Regulation on the Board of Directors
of Mobile TeleSystems OJSC**

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

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

**to the Regulation on the Board of Directors
of Mobile TeleSystems OJSC**

Board of Directors

Open Joint Stock Company

Dated _____

CONSENT

I, _____, hereby consent to be nominated for the Board of Directors of Mobile TeleSystems Open Joint Stock Company and, if elected as 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 _____ 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)

_____ 2008

**to Regulations of the Board of Directors
of Mobile TeleSystems” OJSC**

Rules of Procedure

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

1. GENERAL PROVISIONS

1.1. These Rules of Procedure “Preparation for and Holding of the Meetings of the Board of Directors” (hereinafter, 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 meetings of the Board of Directors.

1.2. These Rules of Procedure were developed in accordance with 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 meetings of the Board of Directors, holding the meetings and documenting results of the meetings.

1.3. These Rules of Procedure were developed for the following purposes:

- to set the procedures for preparation of and holding meetings of the Board of Directors;
- to avoid failure to provide or provide on a timely basis of materials to meetings of the Board of Directors;
- to enhance transparency and efficiency of the Board of Directors’ activities;
- to 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. Meetings of the Board of Directors shall be held on a pre-planned basis.

3.2. In the course of preparation for the first meeting of the Board of Directors in a year, the Secretary of the Board of Directors shall develop a draft agenda of the Board of Directors’ meetings for the year

that shall include information on the month of each planned meeting and on the issues proposed for considering during the meeting.

3.3. In the course of developing a draft agenda of the Board of Directors' meetings for the year, Secretary of the Board of Directors shall be guided by provisions of effective Russian legislation, by MTS OJSC Charter, MTS OJSC corporate rules and regulations, previous decisions approved by the Board of Directors, instructions from MTS OJSC President, from Chairman of MTS OJSC Board of Directors, 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 once in a month.

3.5. Board of Directors' Secretary shall present a draft agenda of the Board of Directors' meetings for the year to Chairman of the Board of Directors and to OJSC MTS President for their preliminary approval.

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

3.7. 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. The Board of Directors shall approve an annual plan of the Board of Directors' meetings with due account of the proposals that members of the Board of Directors may present to Chairman of the Board of Directors at any time before completion of discussion and approval of an annual plan of the Board of Directors' meetings.

3.9. The Board of Directors shall only be able to decide on refusing to include an issue proposed by a member of the Board of Directors in an annual plan of the Board of Directors' meetings on the grounds that the issue is outside the competence of the Board of Directors.

3.10. An annual plan of the Board of Directors' meetings can be modified and/or expanded at any further meeting of the Board of Directors on initiative of the Board of Directors' Chairman, of the Board of Directors' member, or the Company's 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 Board of Directors' annual plan of 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 FOR 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, Chairman of the Board of Directors shall have to 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, Chairman of the Board of Directors 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/finalization.

4.4. Chairman of the Board of Directors shall inform Secretary of the Board of Directors on calling and on the date of the extraordinary meeting of the Board of Directors 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's agenda.

4.6. Meetings of the Board of Directors may be held in the form of meeting in person (collective presence of the Board of Directors' members for discussion of material and taking decisions on issues on 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 Chairman of the Board of Directors and shall be brought to attention of Secretary of the Board of Directors 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's initiator on the form of holding the meeting.

4.9. Secretary of the Board of Directors shall develop the meeting's agenda and obtain its approval by MTS OJSC President and Chairman of the Board of Directors within 7 calendar days from the date of minutes of the Board of Directors' meeting, which set the date of the next meeting of the Board of Directors in case of a planned meeting, and within 7 calendar days from the date when the Secretary receives information from Chairman of the Board of Directors on calling an extraordinary meeting in case of an extraordinary meeting.

4.10. In the course of developing an agenda of the Board of Directors' meeting, Secretary of the Board of Directors 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 from MTS OJSC President, from Chairman of MTS OJSC Board of Directors, by approved annual plan of the Board of Directors' meetings, and by decisions by Chairman of the Board of Directors 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. Chairman of the Board of Directors shall be able to include issues on a meeting's agenda on his/her own initiative, as well as on request of members of the Board of Directors, the Company's Auditing Committee, the Company's Auditor, the Company's President, or on request of other persons in the cases provided for in legislation or in the Company's Charter.

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

- the date of the Board of Directors' meeting;
- agenda of the Board of Directors' meeting;
- first, middle, and last names of the persons responsible for preparation of information materials on each issue on the agenda of the Board of Directors' meeting;

- the date of submission to Secretary of the Board of Directors of information materials on issues on the agenda of the Board of Directors' meeting;
- the date of sending out information materials on issues on the agenda of the Board of Directors' meeting to members of the Board of Directors;
- information on the assignments previously issued by the Board of Directors, which are to be fulfilled before the date of the meeting including information on the responsible persons, using the following table format:

Table. 1.

No.	Decisions of MTS OJSC Board of Directors	No. and date of Minutes of the Board of Directors	Current status	Date of completion, as set by the Board of Directors	Responsible person
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- date of submission to Secretary of the Board of Directors of information on the current status of previous assignments issued by the Board of Directors;
- date of submission to Secretary of the Board of Directors of information materials on the previous assignments issued by the Board of Directors.

4.13. Information message on preparation of materials to meeting of 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 issues on the agenda of 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 consider 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 for 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 Secretary of the Board of Directors not later than 14 (fourteen) calendar days prior to the date of the Board of Directors' meeting.

4.17. If no materials on the issues on the agenda of the Board of Directors' meeting were received by Secretary of the Board of Directors 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 Chairman of the Board of Directors with a request to authorize the delay of provision of the material of the issue to members of the Board of Directors;

4.18. Secretary of the Board of Directors shall arrange for translation into English of the provided information materials on the issues on the agenda of 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) items on 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 item on the agenda.

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

- information on execution of the previously taken decisions of the Board of Directors;
- explanatory/information note on each item on the agenda identifying the persons who submitted the issue for consideration of the Board of Directors, the substance of the issue, applicable law, draft resolution, decision-taking procedure and other relevant information;
- internal draft documents submitted for the Board of Directors' approval;
- draft business-plans (budgets, financial plans) and other plans and programs submitted for the Board of Directors' approval;
- information on interested party large transactions submitted for the Board of Directors' approval and material conditions of such transactions.

4.26. The information materials on the agenda items 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 5 (five) 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 items 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 items to be considered in determining the presence of quorum and the voting results on the Board of Directors' meeting agenda items.
- 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 item on the agenda;
- 5.5. The consideration of the item on the agenda shall commence from the report on the substance of the pending item. The report on the agenda items 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 item the Board of Directors' members shall have an opportunity to ask questions, listen to the speaker's answers on the substance of the items as well as to discuss the material on the agenda item presented.
- 5.7. The consideration of the agenda item shall be closed with voting on the agenda item and summarizing of the voting results.
- 5.8. Depending on the nature of the pending agenda items 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 decisions at the Board of Directors' meeting shall be taken by the majority of votes from the attendant members of the Board of Directors, if otherwise is not 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' decisions shall be taken by open voting if otherwise is not 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 items 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. DECISION-MAKING PROCEDURE BY ABSENTEE VOTING

6.1. The decision of the Company Board of Directors related to its competence may be taken 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. In deciding the issue on holding absentee voting the Board of Directors' Chairman should determine:

- items submitted to absentee voting;
- draft resolution on the agenda items;
- text 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 receiving 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:

- items 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 items submitted to absentee voting;
- Information materials on all items 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;
- formulation of each item 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 decisions of the Board of Directors taken 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 DECISION-MAKING (ASSIGNMENT) FOLLOW-UP PROCESS

7.1. The Board of Directors' decision-making follow-up process shall be initiated with a view to ensuring the implicit, quality, accurate and timely performance of the decisions taken.

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

7.3. The Board of Directors' decision-making follow-up process shall be initiated by the Board of Directors' Secretary. The responsible parties for performance of the assignments shall be liable within the timeframe not exceeding 1(one) business day from the date of receiving the enquiry from the Board of Directors' Secretary to provide the information on the Board of Directors' decision execution status.

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

7.5. In case of absolute impossibility to execute the Board of Directors' decisions within the established timeframe, the party responsible for decision execution shall be liable in advance (2-3 business days prior to the end date for decision execution timing) to approach the Company President 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 decision (assignment) execution timing to the Board of Directors' Chairman.

7.6. In case of failure to execute the Board of Directors' decisions 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 decisions bring the information on non-execution of the decisions to the knowledge of the Board of Directors' Chairman and Company President.

