

APPROVED BY
General Meeting of Shareholders
of open joint stock company
Far East Telecommunications Company

Minutes № _____
dated _____

**BOARD OF DIRECTORS
CHARTER
OPEN JOINT STOCK COMPANY
FAR EAST TELECOMMUNICATIONS COMPANY**

Vladivostok
2008

1. GENERAL PROVISIONS

1.1. This Board of Directors Charter (hereinafter the Charter) determines procedure for convocation and holding of the Board meetings, amount and payment procedures for fees and reimbursement to the Board members in accordance with Russian Federation Civil Code, Federal Law "On Joint Stock Companies" and Company Articles of Association.

1.2. Board of Directors is Company collegial management body providing general management of Company activities except for solving the matters falling within the competence of General Meeting of Company Shareholders in accordance with federal laws and Company Articles of Association.

2. OBJECTIVES AND PRINCIPLES OF BOARD OF DIRECTORS ACTIVITY

2.1. Objectives of the Board activities shall be ensuring maximum profit and increasing Company assets, protection of shareholders' rights and legal interests and ensuring completeness, reliability and objectiveness of public data about Company.

2.2. In order to achieve the above objectives Board of Directors must observe the following principles:

- making decisions based on reliable data on Company activities;
- elimination of any restrictions of shareholders' rights for participation in Company affairs management, dividends and receiving information about Company;
- achieving the balance between interests of different groups of shareholders and making unbiased decisions by Board of Directors to the benefit of all Company shareholders, as far as possible.

3. RIGHTS AND DUTIES OF BOARD OF THE DIRECTORS MEMBERS, EXERCISING PROCEDURE

3.1. Member of the Board shall be entitled to:

3.1.1. submit a written request to Company for providing him/her with Company information (documents), both public and any other information recognized by Company as insider information according to Company by-law;

3.1.2. be reimbursed against expenses related to his/her functioning as member of Company Board of Directors as determined by the Charter.

In the absence of prohibition of his/her participation in management body of commercial organization on paid basis required by valid legislation of the Russian Federation, receive fee for functioning as member of Company Board of Directors in accordance with the Charter, or fulfill functions of the Board member free of charge;

3.1.3. demand for recording his/her special opinion on agenda issues and resolutions into minutes of the Board meetings.

3.2. Member of the Board shall:

3.2.1. be loyal to Company, i.e. refrain from using his/her position in Company for the benefit of any other persons;

3.2.2. act within the scope of his/her rights in pursuance of objectives and principles of the Board activities;

3.2.3. act reasonably and honestly in respect of Company affairs;

3.2.4. not disclose any confidential information about Company activity, that may become known to him/her;

- 3.2.5. initiate meetings of the Board to solve simple matters;
- 3.2.6. participate in making resolutions of the Board by voting on agenda issues of the Board meetings;
- 3.2.7. make reasonable decisions and investigate all necessary information (materials) for this purpose;
- 3.2.8. evaluate risks and unfavorable consequences while making his/her decisions;
- 3.2.9. promptly notify Company of his/her affiliation and any changes therein;
- 3.2.10. inform the Board of details of any proposed transactions where hi/she may be recognized as a party concerned;
- 3.2.11. notify the Board in writing of any Company securities in his/her ownership, intention to make any transactions with Company securities, securities of Company subsidiary and affiliated companies and on any transactions made with such securities;
- 3.2.12. not use for personal advantage or transfer to any third person any information made known to him/her concerning Company activities, its securities and transactions therewith, which is not publicly available and which, if used or disclosed, can considerably affect market value of Company securities;
- 3.2.13. notify Company in writing of any prohibition established (revoked) in respect of his/her participation in management body of commercial organization on paid basis in accordance with valid legislation of the Russian Federation;
- 3.2.14. In case of his/her intention to fulfill functions of the Board member free of charge, notify Company thereof in writing.

3.3. Activity of the Board member shall be continuous and not limited by participation in making decisions of Board of Directors.

3.4. At written request of the Board member Company must provide him/her with access to information (documents) specified in p. 3.1.1 of the Charter.

In this case requested information and documents must be made available to the Board member within five days from the date of relevant request submission, unless Company by-laws regulating procedure for the information (documents) submission require any other term. At the request of the Board member Company must provide him/her with copies of documents requested.

4. CHAIRMAN OF BOARD OF DIRECTORS

4.1. Chairman of the Board is elected by member of the Board from among them at the first meeting by majority of votes of the Board members participating in the meeting.

4.2. Person functioning as Company sole executive body may not concurrently take the office of the Board Chairman.

4.3. Board of Directors may any time reelect Chairman of the Board.

4.4. Members of the Board may elect Deputy Chairman. In the absence of Chairman of Company Board of Directors all his functions (including the right of signing documents) shall be performed by Deputy Chairman, in the absence of the latter the functions shall be performed by one of the Board members under resolution of Company Board of Directors passed by majority of the members participating in such meeting.

4.5. Chairman of the Board shall arrange work of the Board, convene its meetings and preside thereat and arrange keeping minutes at meetings.

4.6. Chairman of the Board may not assign his functions to any third person.

5. SECRETARY OF BOARD OF DIRECTORS

5.1. Secretary of the Board is appointed by members of the Board at the first meeting by majority of votes of the Board members participating in the meeting.

5.2. Board of Directors may any time discharge Secretary of the Board from his office and appoint new Secretary of the Board.

5.3. In the absence of Secretary of the Board his duties shall be assigned to any other person by majority of vote of the Board members participating in the meeting.

If Company Corporate Secretary is appointed by resolution of the Board, such Corporate Secretary shall perform functions of Secretary of the Board.

5.4. Secretary of the Board shall be entitled to:

5.4.1. demand from Company officials any information and documents required for preparation of materials on agenda issues of the Board meetings;

5.4.2. receive fee for fulfillment of his duties and be reimbursed against any expenses related to functioning as the Board Secretary, in the amount and according to procedure determined by resolution of the Board.

5.5. Secretary of the Board shall:

5.5.1. keep and prepare minutes of the Board meetings;

5.5.2. record and keep incoming information and copies of outgoing documentation of the Board;

5.5.3. notify members of the Board of meetings of the Board in terms and order determined by the Charter;

5.5.4. distribute materials required for consideration of agenda issues of the Board meetings among the Board members in terms and order determined by the Charter;

5.5.5. perform any other functions required by the Charter.

6. MEETINGS OF BOARD OF DIRECTORS

6.1. Meeting of the Board may be held in the form of their joint presence (including by means of conference call) or in the form of absentee ballot.

6.2. Meetings of the Board must be held on regular basis in accordance with work plan approved by meeting of the Board. If necessary, Board of Directors may discuss any matters beyond the work plan.

6.3. Meeting of the Board shall be convened by Chairman of the Board at his own initiative, at the request of Board member, Committee of the Board, Audit Commission, Company Auditor, Company sole or collegial executive body, head of Department of internal Audit as well as at the request of shareholder(s) having in aggregate at least 5 percent of Company voting shares.

Agenda of the meeting to be convened shall be determined by Chairman of the Board subject to the approved work plan of the Board and requests received from the persons listed in the first paragraph of this 6.3.

6.4. Request for convening a meeting of the Board must contain the following information:

6.4.1. name of initiator or name of the requesting body or corporate entity;

6.4.2. if request for meeting is initiated by a shareholder, number and category (type) of his/her shares;

- 6.4.3. form of the meeting (joint presence or absentee ballot);
 - 6.4.4. date of meeting to be held by joint presence or, in case of absentee ballot, deadline for voting of the Board members on agenda issues;
 - 6.4.5. agenda of the meeting;
 - 6.4.6. list of information (materials) provided to members of the Board for the meeting.
- Moreover, request for meeting of Board of Directors may contain the following information:
- 6.4.7. time and venue of the meeting (for meetings held by joint presence);
 - 6.4.8. draft resolutions on agenda issues as well as candidates for election (appointment) to Company bodies and offices, if agenda contains issues concerning election (appointment) of such bodies and offices;
 - 6.4.9. any other information at the discretion of initiator of the meeting.

6.5. Notice of meeting of Board of Directors shall be given to each member of the Board together with necessary materials at least 14 business days before the meeting (before voting deadline, in case of absentee ballot). The said term may be reduced in case of the need to urgently solve any matters, provided no member of the Board object to the reduction. Objection means opinion of the Board member received by Company in writing by one of the means provided in this paragraph for giving notices of the meeting, not later than by the time specified while giving members of the Board notices on discussing issues in reduced terms.

If it is necessary to hold meeting of the Board in reduced terms in pursuance with valid legislation, the term of giving notice and materials required must be reduced accordingly.

Notice of meeting shall be given to members of the Board in writing or by any other method convenient for them (including post, telegraph, teletype, telephone, E-mail or any other means of communication). Notice of meeting must contain information specified in pp. 6.4.3 – 6.4.8 of the Charter and address for members of the Board to send their written opinions. At the initiative of bodies and persons entitled to convening meetings of the Board agenda on the convened meeting may include additional issues, provided no member of the Board objects to such inclusion. Proposal for inclusion an additional agenda issue of convened meeting must be submitted in writing and contain wording of the issue and information required by pp. 6.4.1, 6.4.2 and 6.4.6 of the Charter. Bodies and persons initiating a meeting (inclusion of agenda issue) may any time revoke their proposals in writing prior to tally of votes on the issues proposed. Objection means opinion of the Board member received by Company in writing by one of the means provided in this paragraph for giving notices of the meeting, not later than by the time specified while giving members of the Board notices on discussing issues in reduced terms.

If any circumstances occur, which impair holding meeting of the Board in the venue and (or) place notified to members of the Board, or make the meeting impossible, such meeting may be held in any other venue and (or) time with the same agenda. All members of the Board must be notified of the changed venue and (or) time of meeting of the Board with regard to reasonable time required by members of the Board for arrival to the meeting. Notice of the changes shall be given to members of the Board in any form that would ensure receipt of the notice by member of the Board at the location of the Board member or at his/her correspondence address. All members of the Board must be notified of any changes in the agenda according to the procedure prescribed for notifying of the meeting. The first (organizational) meeting of the Board shall be held without preliminary notices on the day of the General Meeting of Shareholders where the Board of Directors is elected (in case if resolution on election of the Board members and relevant voting results were announced at the General Meeting of Shareholders where the voting was carried out).

6.6. When passing resolutions by the Board at a meeting held in the form of joint presence members of the Board attending the meeting must express their opinion on agenda issues by voting.

If member of the Board is not able to personally attend a meeting held in the form of joint presence, and in case of absentee ballot, such member of the Board may submit his/her written opinion on agenda issues.

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

6.7.1. submission of written opinion on agenda issues.

Written opinion must contain vote of member of the Board on each agenda issue in respect of which he/she is entitled to vote, stated as “For”, “Against” or “Abstained”. In case if vote is given “For”, draft resolution for which the member votes must be included (draft resolution proposed in notice of the meeting or draft resolution as amended by member of the Board at his/her discretion).

Written opinion of member of the Board not entitled to vote on agenda issue may include draft resolution proposed for affirmative voting by those members of the Board entitled to vote (draft resolution proposed in notice of the meeting or draft resolution as amended by member of the Board at his/her discretion) or a proposal to vote “Against” or “Abstained” in respect of draft resolution proposed by initiator on the issue discussion.

Written opinion of member of the Board may contain:

comments on materials (information) provided, which require particular corrections of the materials (information) provided;

comments (interpretation) on materials (information) provided, notes of descriptive or critical nature, which do not require any corrections in materials (information) provided for the resolution;

request to Company or initiators of discussing certain agenda issue to send to the member’s address any additional information related to the issue, which might be interesting for him/her but which is not required for passing a resolution and which, if provided, will not influence his/her voting option;

request to Company to send to the member’s address copies of any materials (information) implied by resolutions of the Board if such resolutions are passed.

6.7.2. written poll of member of the Board concerning draft resolutions on agenda issues proposed in notice of the meeting. Such poll can be carried out in case of lack of written opinions of the Board members by the time of meeting held in the form of absentee ballot only.

6.7.3. written poll of member of the Board for meeting held in the form of absentee ballot on draft resolutions included into written opinions submitted by members of the Board. If for any agenda issue none of the written opinions contain vote (proposal to vote) “For”, poll on such issue shall be carried out using the draft resolution as proposed in notice of the meeting.

6.7.4. written poll of member of the Board intending to be absent from meeting to be held in the form of joint presence, on draft resolutions on agenda issues as proposed in notice of the meeting.

6.7.5. written poll of member of the Board absent from meeting held in the form of joint presence, on draft resolutions on agenda issues as developed by members of the Board at the meeting.

Written poll of members of the Board shall be carried out by filling out questionnaires prepared by Corporate Secretary.

6.8. For meeting held in the form of absentee ballot questionnaires shall be prepared and sent to members of the Board on the last business day before deadline for voting by members of the Board. In this case written opinions of members of the Board received before the date of sending questionnaires shall be used for poll on written opinions.

If one written opinion is received in term provided by paragraph 1 of this 6.8, questionnaires shall be prepared for each member of the Board except for the one who submitted the written opinion. Such questionnaires shall include draft resolutions on agenda issues contained in the written opinion received as well as draft resolutions proposed in notice of the meeting on the agenda issues for which vote (proposal to vote) “Against” or “abstained” are contained in the written opinion received.

If two or more opinions are received in term provided by paragraph 1 of this 6.8, questionnaires shall be prepared for each member of the Board including those who submitted their written opinions. Such questionnaires shall include draft resolutions on agenda issues contained in each written opinion received as well as draft resolutions proposed in notice of the meeting on the agenda issues for which none of the written opinions contain vote (proposal to vote) “For”.

6.9. In case of holding a meeting in the form of joint presence member of the Board intending to be absent from the meeting and express his/her opinion in writing may submit a written opinion on agenda issues or ask Corporate Secretary to prepare a questionnaire for him/her with the draft resolutions on agenda issues as proposed in notice of the meeting. The questionnaire shall be prepared and sent to such member of the Board not later than on the business day following the date of request. If, in accordance with paragraph 3 of 6.11 below, member of the Board absent from the meeting who submitted his/her written opinion before the meeting date must be polled on draft resolutions on agenda issues developed by members of the Board attending the meeting, questionnaire shall be prepared and sent to such member of the Board on the meeting day immediately upon development of the draft resolutions.

6.10. In case of holding a meeting in the form of absentee ballot the following written opinions of members of the Board shall be taken into account for determination of quorum and tally of the votes depending on the number of written opinions submitted:

6.10.1. If one written opinion is received in term specified in paragraph 1 of the 6.8 above:

- written opinion,
- questionnaires submitted in appropriate manner, where only one voting option is left (“For”, “Against”, “Abstained”) for each draft resolution on agenda issues.

6.10.2. If two or more written opinions are received in term specified in paragraph 1 of the 6.8 above, questionnaires submitted in appropriate manner, where only one voting option is left (“For”, “Against”, “Abstained”) for each draft resolution on agenda issues, shall be taken into account. Option “For” may be left only for one draft resolution version on agenda issue. In this case member of the Board, who submitted his/her written opinion beforehand, may:

- confirm his/her voting on agenda issue by voting “For” on the draft resolution version contained in his/her written opinion,
- or
- change his/her voting by voting “For” on any other draft resolution version.

Questionnaire of member of the Board shall be deemed submitted in a proper manner if it is received by the voting dateline inclusive, signed by the member and is free from any notes and records not implied by the questionnaire form.

6.11. In case of holding a meeting in the form of joint presence written opinions of members of the Board submitted by beginning of the meeting shall be taken into account for quorum determination and tally of the votes.

Person presiding at a meeting held in the form of joint presence must read aloud written opinion of member of the Board absent from the meeting before commencement of voting on the agenda issue for which the opinion was submitted. If such opinion was submitted in a written form containing comments on materials (information provided on agenda issues, which require particular corrections in the materials (information) provided, and/or draft resolutions on issues amended at the member’s discretion, each of member of the Board attending the meeting must vote on such written opinion.

If members of the Board attending the meeting developed draft resolutions different from those given in written opinion of a member absent from the meeting, the latter must be polled on each of the draft resolutions out to vote, during the meeting day. For this purpose questionnaire shall include draft resolutions on agenda issues contained in his/her previously received written opinion as well as draft resolutions developed by members attending the meeting. Absent member

of the Board must leave only one voting option (“For”, “Against”, “Abstained”) for each version of draft resolution on agenda issues. Option “For” may be left for one draft resolution version only. In this case absent member of the Board may:

- confirm his/her voting on agenda issue by voting “For” on the draft resolution version contained in his/her previously submitted written opinion,
- or
- change his/her voting by voting “For” on the draft resolution version developed at the meeting.

6.12. Members of the Board must have the possibility to get familiarized with recommendations of relevant committees before making their decisions on any issue preliminary discussed by committees of the Board.

6.13. Each member of the Board shall have one vote for solving issues at meeting of the Board of Directors.

Assigning the right of vote from member of the Board to any other person including other member of the Board is prohibited.

In case of equality of votes of members of the Board Chairman of the Board shall have casting vote for passing a resolution.

When in accordance with Company Articles of Association a resolution shall be passed by the majority of three fourths or unanimously by all members of the board regardless of votes of withdrawn members of the Board, a withdrawn member of the Board shall mean deceased, missing or disabled member.

6.14. Minutes shall be kept at each meeting of Board of Directors.

Minutes of meeting of the Board shall be prepared not later than within 3 days from the date of meeting held in the form of joint presence (deadline for voting by members of the Board in case of absentee ballot).

Minutes of meeting shall specify:

- venue and time of meeting held in the form of joint presence or, in case of absentee ballot, place of minutes preparation and date of completion of voting by members of the Board;
- persons attending the meeting (in case of joint presence): members of the Board (indicating their right to vote on agenda issues) and invited persons;
- members of the Board who submitted their written opinions (indicating their right to vote on agenda issues);
- agenda of the meeting;
- draft resolutions on agenda issues put to vote and respective voting results;
- resolutions passed.

7. FEES OF BOARD OF DIRECTORS MEMBERS AND REIMBURSEMENT OF EXPENSES RELATED TO FULFILMENT OF THEIR DUTIES

7.1. Company shall bear expenses related to activities of Board of Directors, including reimbursement of members of the Board against all evidences expenses on fulfillment of their functions.

Member of the Board functioning on paid basis shall be accrued and paid fee for performing his/her functions as well as bonus fee specified in p 7.7 of this clause.

7.2. Fee for member of the Board shall consist of quarterly and annual fees.

7.3. Quarterly fee for member of the Board shall amount to **300,000 rubles**.

Fee for Chairman of the Board shall be determined with the coefficient 1.5.

Quarterly fee for member of the Board shall be reduced by:

30% - if the member attends less than one half of meetings of the Board held in the form of joint presence;

100% - if the member participates in less than one half of all meetings of the Board held.

If personal membership of the Board and/or conditions of functioning (paid/free basis) changed during a quarter, fee for respective member of the Board shall be accrued and paid pro rata to the time when member of the Board functioned on paid basis.

7.4. Annual fee for all Company Board of Directors shall be determined as the amount of deductions in accordance with norms (percentage):

- from Company EBITDA according to accounting statements by IFRS for report period;
- from Company net profit as a result of report year allocated for dividends.

Annual fee for one member of the Board shall be determined as the value calculated as per paragraphs 1 to 3 of this 7.4 divided by number of persons elected to Board of Directors.

If personal membership of the Board and/or conditions of functioning (paid/free basis) changed in the period from election of Board of Directors by Annual General Meeting of Shareholders till next Annual General Meeting of Shareholders, fee shall be accrued and paid pro rata to the time when member of the Board functioned on paid basis.

Annual fee for member of the Board determined in accordance with paragraphs 4 and 5 of this 7.4 shall be reduced by 50% in case if the member participates in less than one half of all meetings held during his/her office term.

7.5. Norms (percentage) of deductions for calculation of the annual fee shall be determined by resolution of Annual General Meeting of Shareholders and applied to calculation of fees for persons functioning as members of the Board up to the next Annual General Meeting of Shareholders.

7.6. Annual fee for member of the Board shall be paid within 3 months from the end of his/her office term.

7.7. members of the Board participating in committees of the Board shall be paid allowance to quarterly fee related to their functioning as members of the Board committees, in the amount of 40,000 rubles (per committee). Member of the Board may not participate in more than 2 committees of the Board.

Allowance for Chairman of the Board committee shall be determined with the coefficient 1.25.

7.8. Members of the Board shall be entitled to participate in option programs implemented by Company.

8. PROCEDURE FOR THE CHARTER APPROVAL AND AMENDMENT

8.1. This Charter is subject to approval by General Meeting of Shareholders by majority of holders of Company voting shares.

8.2. This Charter may be amended by General Meeting of Shareholders by majority of holders of Company voting shares.

8.3. If, as a result of any amendments to Russian Federation legislation of Company Articles of Association certain clauses of the Charter come into conflict with the same, the Charter shall be applied to the extent consistent with valid legislation and Company Articles of Association.