

Annex No. 2

No.	Provisions of the Code of Corporate Conduct	Observed / not observed	Notes
General Meeting of Shareholders			
1.	Shareholders shall be notified of a general meeting of shareholders no later than 30 days before the date of the meeting regardless of the issues put on the agenda, unless a longer period is provided by current legislation.	Observed	Set forth in cl. 12.12.1 of the Charter
2.	Shareholders shall have an opportunity to familiarize themselves with the list of persons entitled to participate in a general meeting of shareholders, from the date of notice of a general meeting of shareholders until closing the meeting or, if the meeting is held in a remote form, until the last date on which voting ballots will be accepted.	Observed	Set forth in cl. 12.13.7 of the Charter for persons possessing in aggregate at least 1 percent of votes
3.	Shareholders shall have an opportunity to familiarize themselves with information (materials) to be provided in preparation for a general meeting of shareholders via electronic means of communication, including Internet.	Observed	Materials are placed on MTS OJSC web-site: www.mts.ru
4.	A shareholder shall have an opportunity to put issues on the agenda of a general meeting of shareholders or demand the calling of a general meeting of shareholders without providing an extract from the register of shareholders, if his rights to shares are recorded in the register of shareholders; in case his rights are recorded in a depository account, a statement of the account at the depository will be enough to exercise the said rights.	Observed	Set forth in cl. 12.4 и 12.10 of the Charter.
5.	The joint stock company's charter or internal documents require a mandatory presence of director general, members of the managing committee, members of the board of directors, members of the auditing commission and auditor of the company at a general meeting of shareholders.	Not observed	The right of these persons to participate in a general meeting of shareholders is set forth in cl. 12.9.2 of the Charter.
6.	The presence of candidates is mandatory, if issues dealing with the election of members of the board of directors, director general, members of the auditing commission as well as issues dealing with the approval of an auditor of the company are considered at the meeting.	Not observed	The right of these persons to participate in a general meeting of shareholders is set forth in cl. 12.9.2 of the Charter.
7.	The joint stock company's internal documents shall establish the procedure for registering participants in a general meeting of shareholders.	Not observed	The registration of participants in a general meeting of shareholders is conducted in accordance with current legislation.
Board of Directors			
8.	The charter of the joint stock company shall include the authority of the board of directors for an annual approval of the financial and business plan of the joint stock company.	Not observed	Not provided for in the Charter. However, MTS OJSC' corporate governance practice provides for a mandatory approval of all financial and business plans at the meetings of MTS OJSC' Board of Directors.

9.	The joint stock company shall have a risk management procedure approved by the board of directors.	Not observed	
10.	In accordance with the joint stock company's charter, the board of directors shall be entitled to suspend the authority of the director general who is appointed at a general meeting of shareholders.	Not observed	
11.	In accordance with the joint stock company's charter, the board of directors shall be entitled to determine requirements for qualification and remuneration of the director general, the members of the managing committee and the managers of other organization departments of the joint stock company.	Not observed	
12.	In accordance with the joint stock company's charter, the board of directors shall be entitled to approve the terms of contracts with the director general and the members of the managing committee.	Not observed	
13.	The joint stock company's charter and internal documents require that, by approving the terms of contracts with the director general (managing organization, manager), the votes of the members of the board of directors who are director general and members of the managing committee shall not be counted when votes are tallied.	Not observed	Actually this requirement is being met.
14.	The joint stock company's board of directors shall consist of not less than 3 independent directors who shall meet the requirements of the code of corporate conduct.	Not observed	
15.	The board of directors shall not consist of persons who have been returned guilty in economic crimes or in offences against a state, public service and local government or who have been imposed an official reprimand for violation of law in the sphere of economic activity or in the sphere of finances, securities market, taxes and duties.	Observed	
16.	The board of directors shall not consist of persons who are participants, director general (manager), members of a governing body or employees of a legal entity that competes with the joint stock company.	Observed	
17.	The joint stock company's charter requires that the board of directors is elected by cumulative voting.	Observed	Set forth in cl. 13.2 of the Charter.
18.	The joint stock company's internal documents include an obligation of the board of directors members to refrain from any actions that will or might result in a conflict between their interests and the interests of the joint stock company, and if such conflict arises, they must disclose information with respect to such conflict to the board of directors.	Not observed	

19.	The joint stock company's internal documents include an obligation of the board of directors members to inform the board of directors, in writing, about their intention to effect a transaction with securities of the joint stock company whose board of directors members they are, or with securities of its affiliated (dependent) companies, and to disclose information relating to transactions they have effected with such securities.	Not observed	This requirement is set forth in the Federal Law On Joint Stock Companies.
20.	The joint stock company's internal documents require that the board of directors shall meet at least once every six weeks.	Not observed	Actually this requirement is being met when planning the activity of the Board of Directors.
21.	The board of directors of the joint stock company shall meet at least once every six weeks during the year for which the annual report of the joint stock company is made.	Observed	
22.	The joint stock company's internal documents include the procedure for meetings of the board of directors.	Not observed	Statute On the Board of Directors will be approved at the current annual meeting of shareholders.
23.	The joint stock company's internal documents require the board of directors of the joint stock company to approve transactions worth 10 and more percent of its assets, except transactions made in the course of its regular business.	Not observed	
24.	The joint stock company's internal documents include the right of the board of directors members to obtain information, necessary to perform their duties, from managers of the main organization departments of the joint stock company; the documents also provide for a liability for non-provision of such information.	Observed	The said rights are set forth in the Statute on Committees.
25.	The company shall have a strategic planning steering committee within the board of directors or entrust the said duties to another committee (except the audit committee and the personnel and remuneration committee).	Observed	The said duties are entrusted to the Budget Committee, the Quality Committee and the Reorganization Committee.
26.	The company shall have a committee within the board of directors (audit committee) that advises an auditor of the joint stock company and cooperates with him and the auditing commission of the joint stock company.	Observed	The Audit Committee has been established and operates in MTS OJSC.
27.	The audit committee shall consist only of independent, non-executive directors.	Not observed	
28.	The audit committee shall be headed by an independent director.	Not observed	
29.	The joint stock company's internal documents include the right of all members of the audit committee to have access to any documents and information of the joint stock company, provided they will not disclose any confidential information.	Observed	The said rights are set forth in the Statute on Audit Committee.
30.	The company shall establish a committee within the board of directors (personnel and remuneration committee) to determine criteria for choosing candidates running for the board of directors and to determine the remuneration policy of the joint stock	Not observed	The issue relating to the establishment of the Personal and Remuneration Committee will be examined by the Board of Directors in

	company.		2004.
31.	The personnel and remuneration committee shall be headed by an independent director.	Not observed	The issue relating to the establishment of the Personal and Remuneration Committee will be examined by the Board of Directors in 2004.
32.	The personnel and remuneration committee shall not consist of the joint stock company's officials.	Not observed	The issue relating to the establishment of the Personal and Remuneration Committee will be examined by the Board of Directors in 2004.
33.	The company shall establish a risk committee within the board of directors or entrust the duties of the said committee to another committee (except the audit committee and the personnel and remuneration committee).	Not observed	The issue relating to the establishment of the Risk Committee will be examined by the Board of Directors in 2004.
34.	The company shall establish a corporate conflict resolution committee within the board of directors or entrusts the duties of the said committee to another committee (except the audit committee and the personnel and remuneration committee).	Not observed	The issue relating to the establishment of the Corporate Conflict Resolution Committee will be examined by the Board of Directors in 2004.
35.	The corporate conflict resolution committee shall not consist of the joint stock company's officials.	-	The issue relating to the establishment of the Corporate Conflict Resolution Committee will be examined by the Board of Directors in 2004.
36.	The corporate conflict resolution committee shall be headed by an independent director.	Not observed	
37.	The joint stock company shall have its internal documents approved by the board of directors that provide for a procedure for establishing and functioning of committees within the board of directors.	Observed	The said documents were approved in 2004.
38.	The joint stock company's charter shall include provisions regulating the procedure for determination of the board of directors' quorum that would enable to secure mandatory participation of independent directors in meetings of the board of directors.	Not observed	In accordance with the Charter, a quorum at a meeting of the Board of Directors shall be the presence of at least 5 of 7 Board of Directors members.
Executive Bodies			
39.	The joint stock company shall have a collective executive body (managing committee).	Not observed	
40.	The joint stock company's charter or internal documents shall include a provision requiring that property transactions and the receipt of credit by the joint stock company be approved by the board of directors, if the said transactions relate to big transactions and they are made not in the course of the joint stock company's regular business.	Not observed	

41.	The joint stock company's internal documents include the procedure for co-ordination of operations that overstep the limits of the financial and business plan of the joint stock company.	Not observed	
42.	The executive bodies of the joint stock company shall not consist of persons who are participants, director general (manager), members of a governing body or employees of a legal entity that competes with the joint stock company.	Observed	
43.	The executive bodies of the joint stock company shall not consist of persons who have been returned guilty in economic crimes or in offences against a state, public service and local government or who have been imposed an official reprimand for violation of law in the sphere of economic activity or in the sphere of finances, securities market, taxes and duties. If a managing organization or a manager act as a one-person executive body, the director general and the members of the managing committee of the managing organization or the manager should meet the requirements with respect to director general and members of the managing committee of the joint stock company.	Observed	
44.	The joint stock company's charter or internal documents include provisions forbidding the managing organization (or the manager) to perform the same duties in a competing company as well as to have other proprietary relations with the joint stock company, except providing services of a managing organization (of a manager).	-	The Company does not retain the services of any managing organization (or manager).
45.	The joint stock company's internal documents require the executive bodies to refrain from actions that will or might result in a conflict between their interests and the interests of the joint stock company, and if such conflict arises, the board of directors must be informed of it.	Observed	These obligations are set forth in the Agreement with MTS OJSC President.
46.	The joint stock company's charter or internal documents shall include criteria for choosing a managing organization (or manager).	-	The Company does not retain the services of any managing organization (or manager).
47.	The executive bodies shall present a monthly report with respect to their activity to the board of directors.	Not observed	
48.	Agreements concluded by the joint stock company with the director general (managing organization, manager) and the members of governing body set liability for the breach of provisions dealing with the use of confidential and housekeeping information.	Observed	
Secretary of Company			
49.	The joint stock company shall have a special official (the secretary of the company) whose task is to ensure that all company's bodies and officials meet the procedure requirements that guarantee the realization of rights and legitimate interests of the joint stock company.	Not observed	The issue relating to establishing the position of the corporate secretary will be examined by MTS OJSC Board of Directors in 2004.

50.	The joint stock company's charter and internal documents include procedure for appointment (election) of the company's secretary and duties of the secretary.	Not observed	
51.	The joint stock company's charter includes requirements that a candidate for the company's secretary should meet.	Not observed	
Material Corporate Actions			
52.	The joint stock company's charter and internal documents require that a big transaction should be approved before it has been effected.	Observed	Set forth in cl. 12.1 and 13.4 of the Charter.
53.	The services of an independent appraiser must be enlisted to estimate the market value of the property involved in a big transaction.	-	MTS OJSC has not effected big transactions in 2003.
54.	The joint stock company's charter includes provisions that forbid, by acquisition of a big block of the joint stock company's shares (absorption), to take actions which would protect interests of the executives bodies (of the member of these bodies) and of the members of the joint-stock company's board of directors as well as deteriorate the position of shareholders as compared with the existing position (in particular, they forbid the board of directors to approve resolutions with respect to the issue of additional shares, securities convertible into shares or securities granting the right to acquire of shares of the company, before the assumed date of acquisition of shares, even if such right is granted to the board of directors by the charter).	Not observed	
55.	The joint stock company's charter requires that an independent appraiser should be enlisted to estimate the current market value of shares and possible changes of their market value as a result of absorption.	Not observed	
56.	In accordance with the charter of the joint stock company, the acquirer is released from an obligation to offer the shareholders to sell their common shares of the joint stock company (securities convertible into common shares) in the process of absorption.	Observed	
57.	The joint stock company's charter and internal documents require that the services of an independent appraiser must be enlisted to determine the conversion ratio in the process of reorganization.	Not observed	
Disclosure of Information			
58.	The company has an internal document approved by the board of directors that determines the joint stock company's rules and approaches with respect to disclosure of information (Information Policy Statute).	Not observed	
59.	The joint stock company's internal documents require to disclose information relating to objectives of the placement of shares, persons intending to acquire the shares being placed, including a big block of shares, as well as information with respect to whether the senior executive officers of the joint stock company will participate in the acquisition of the company's shares being placed.	Not observed	

60.	The joint stock company's internal documents include a list of documents, information and materials that must be made available to shareholders to approve issues submitted for consideration of an annual general meeting of shareholders.	Not observed	
61.	The joint stock company shall have its own web-site, and information relating to the joint stock company shall be routinely provided on this site.	Observed	www.mts.ru
62.	The joint stock company's internal documents require to disclose information relating to transactions effected by the joint stock company with persons who belong, in accordance with the charter, to the senior executive officers of the joint stock company, as well as information with respect to transactions effected by the joint stock company with organizations where the joint stock company's senior executive officers possess, directly or indirectly, 20 or more percent of the joint stock company's charter capital or which can be materially influenced by such persons in a different way.	Not observed	
63.	The joint stock company's internal documents require to disclose information relating to all transactions which can influence the market value of shares of the joint stock company.	Not observed	
64.	The company has an internal document approved by the board of directors with respect to essential information about the joint stock company's activity, shares and other securities and transactions effected with them, that is not freely available for public use and, if disclosed, can materially influence the market value of shares and other securities of the joint stock company.	Not observed	
Supervision of Business and Financial Operations			
65.	The company shall have its internal supervision procedure approved by the board of directors to supervise the business and financial activity of the joint stock company.	Observed	
66.	The joint stock company shall have a special department to secure the observance of the internal supervision procedure (the control and auditing service).	Not observed	The said department will be established in 2005.
67.	The internal documents of the joint stock company require the structure and composition of the control and auditing service to be determined by the board of directors.	Not observed	
68.	The control and auditing service shall not consist of persons who have been returned guilty in economic crimes or in offences against a state, public service and local government or who have been imposed an official reprimand for violation of law in the sphere of economic activity or in the sphere of finances, securities market, taxes and duties.	Observed	

69.	The control and auditing service shall not consist of persons who are members of the joint stock company's executive bodies, as well as persons who are participants, director general (manager), members of governing bodies or employees of a legal entity that competes with the joint stock company.	Observed	
70.	The joint stock company's internal documents include the term for presentation of documents and materials to the control and auditing service to conduct the evaluation of the financial and business operation carried out, as well as the liability of officials and employees for non-presentation of documents by the date fixed.	Not observed.	
71.	The joint stock company's internal documents require that the control and auditing service must inform the audit committee or, if the company has no control and auditing service, the board of directors of all breaches revealed.	Not observed.	
72.	The joint stock company's charter requires that the control and auditing service should pre-evaluate the advisability of conducting operations which are not provided for in the financial and business plan of the joint stock company (non-standard operations).	Not observed.	
73.	The joint stock company's internal documents include the procedure for co-ordination of a non-standard operation with the board of directors.	Not observed.	
74.	The company has an internal document approved by the board of directors that determines the procedure for auditing the financial and business activity of the company by the auditing commission.	Not observed.	
75.	The auditing committee shall evaluate the audit report before it has been presented to shareholders at an annual general meeting of shareholders.	Observed.	
Dividends			
76.	The company shall have an internal document approved by the board of directors that the board of directors shall follow by adopting resolutions with respect to the amount of dividends (Regulations on Dividend Policy).	Not observed.	
77.	The Regulations on Dividend Policy include the procedure for determination of the minimal share of the joint stock company's net profit assigned for the payment of dividends and the terms on which dividends on preference shares determined in the charter of the joint stock company will not be paid or will not be paid in full.	Not observed.	
78.	The joint stock company shall publish information on its dividend policy and amendments to it in a periodical stipulated by the charter of the joint stock company for publishing announcements of annual meetings of shareholders; the joint stock company shall also place the said information on its web-site in Internet.	Not observed.	