

APPROVED  
by the General Meeting of Shareholders of  
Mobile TeleSystems Open Joint Stock Company  
November 09, 2004, Minutes № 12

**BYLAW**  
**ON THE BOARD OF DIRECTORS**  
**of Mobile TeleSystems**  
**Open Joint Stock Company**

Moscow  
2004

## 1. GENERAL PROVISIONS

- 1.1 This bylaw on the Board of Directors of Mobile TeleSystems Open Joint Stock Company (location: 4, ul. Marksistskaya, Moscow, Russia; hereinafter called the “Company”) has been adopted in accordance with the Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies, applicable corporate governance rules and standards, and the Company’s charter and defines the basic principles and rules governing the activities of the Company’s Board of Directors.
- 1.2 The Board of Directors is the Company’s collective governance body, and exercises general management of its activities except in matters assigned by federal laws and the Company’s charter to the competence of the Company’s general meeting of shareholders (the “general meeting of shareholders”).
- 1.3 The competence of the Board of Directors is defined by legislation and the Company’s charter.
- 1.4 The members of the Board of Directors will be elected by the general meeting of shareholders for a term ending at the next annual general meeting of shareholders. The authority of all the members of the Board of Directors may be terminated before the expiration of their term of office by a resolution of the general meeting of shareholders.

A member of the Company's Board of Directors may at any time voluntarily relinquish his powers upon notifying the other members of the Board of Directors in writing.

The Board of Directors shall retain its powers irrespective of any vacancies that may arise, with the proviso that, if the number of members of the Board of Directors falls below the quorum established in the Company's Charter and these Regulations, the Board of Directors shall be required to call an extraordinary General Meeting of Shareholders to elect a new Board of Directors. In such case, the remaining members of the Board of Directors shall be entitled only to adopt a resolution to call such extraordinary General Meeting of Shareholders

- 1.5 The goals of the Board of Directors are to ensure the maximum profitability of the Company, increase its assets, protect the rights and legitimate interests of its shareholders, provide continual oversight over the Company’s executive bodies, and ensure that public information on the Company is complete, accurate, and objective.
- 1.6 To achieve its goals, the Board of Directors shall, within the limits of its competence established by the Company’s charter and applicable legislation, among others accomplish the following objectives:
  - exercise strategic management of the Company’s activities and oversee the activities of the Company’s executive bodies;
  - oversee the Company’s compliance with current legislation, the Company’s charter, and resolutions of the Company’s general meeting of shareholders;
  - organize the implementation of resolutions of the general meeting of shareholders;
  - determine the lines of the Company’s activities;
  - evaluate political, financial, and other risks affecting the Company’s operations;
  - approve the Company’s plans and budgets;
  - determine approaches to investments and participation in other organizations;
  - evaluate the results of the activity of the Company and its bodies;
  - ensure that the Company complies with current legislation;

- ensure compliance with corporate governance principles.

1.7 In its activities the Board of Directors will be guided by the following principles:

- making decisions on the basis of reliable information;
- ensuring that the rights of the Company's shareholders are observed;
- making objective decisions in the interests of all shareholders of the Company and the Company itself.

1.8 Members of the Board of Directors have the right:

- to receive information on the Company's activities;
- to propose matters for consideration at meetings of the Board of Directors;
- to inspect the minutes of meetings of the Board of Directors;
- to express their own point of view on all matters put forward for discussion by the Board of Directors;
- to demand that their dissenting opinions on agenda matters or adopted resolutions be recorded in the minutes of the meeting of the Board of Directors;
- in exchange for performing their duties, to receive compensation and/or reimbursement of expenses associated with performance of the functions of member of the Board of Directors, in the circumstances and amount established by resolution of the Company's general meeting of shareholders.

1.9 Members of the Board of Directors have the obligation:

- to act in the Company's interests in exercising their rights and performing their duties;
- to exercise their rights and perform their duties in relation to the Company reasonably and in good faith;
- to act within the limits of their rights in accordance with the goals and objectives of the Board of Directors;
- not to divulge any confidential information on the Company's activities that becomes known to them, to act to protect such information from unlawful and unauthorized disclosure, and not to use such information in their own interests or the interests of other persons;
- to take part in the work of the Board of Directors;
- to participate in the adoption of resolutions by the Board of Directors by voting on matters on the agenda of a meeting or (if they cannot personally attend a meeting) submitting a written opinion on agenda matters;
- to fulfill orders and follow instructions of the Board of Directors;
- to evaluate risks and adverse consequences when making decisions;
- to inform the Company in a timely manner of their affiliations and changes in their affiliations;
- to refrain from voting on matters in which they have a personal interest;
- to inform the Board of Directors of proposed transactions in which they may be deemed to have an interest;
- to disclose information on Company securities owned by them and on the sale and/or purchase of Company securities;
- to refrain from actions that may result in a conflict between their interests and the Company's interests.

## **2. ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS, PROCEDURE FOR CALLING AND HOLDING MEETINGS**

2.1 Chairman of the Board of Directors.

The Board of Directors will elect from among its members a Chairman of the Board of Directors and one Deputy Chairman of the Board of Directors.

The Chairman of the Board of Directors shall:

- ensure organization of the work of the Board of Directors;
- call meetings of the Board of Directors;
- set the date, time, and place of meetings of the Board of Directors;
- define the agenda of the Board of Directors;
- preside over meetings of the Board of Directors;
- sign the minutes of meetings of the Board of Directors;
- decide other matters relating to organization of the work of the Board of Directors.

In the absence of the Chairman of the Board of Directors his or her functions will be performed by the Deputy Chairman. In the absence of both the Chairman and the Deputy Chairman, the functions of the Chairman of the Board of Directors will be performed by one of the members of the Board of Directors pursuant to a resolution of the Board of Directors.

## 2.2 Secretary of the Board of Directors.

A Secretary of the Board of Directors will be appointed by the members of the Board of Directors at the first meeting of a newly elected (reelected) Board of Directors by a majority of votes of the total number of members of the Board of Directors.

The Secretary of the Board of Directors will perform his or her duties until the appointment of a new secretary.

The Board of Directors may reelect a Secretary of the Board of Directors at any time.

The Secretary of the Board of Directors shall:

- ensure the gathering and preparation of information and materials on matters on the agenda of a meeting of the Board of Directors;
- keep the minutes of meetings of the Board of Directors;
- summarize the results of voting on resolutions adopted by poll (remote voting);
- store the documents of the Board of Directors;
- ensure that all members of the Board of Directors are timely notified of meetings of the Board of Directors;
- ensure the timely provision of information and materials on agenda matters to the members of the Board of Directors;
- distribute ballots to the members of the Board of Directors for remote voting on resolutions of the Board of Directors;
- provide additional information at the request of members of the Board of Directors;
- decide other matters relating to organizational support for the work of the Board of Directors.

## 2.3 Meetings of the Board of Directors.

2.3.1 Meetings of the Board of Directors shall be held as necessary, but, if possible, no less often than once every six weeks.

2.3.2 Meetings of the Board of Directors shall be called by the Chairman of the Board of Directors on its own initiative or at the request of a member of the Board of Directors, the Company's review commission, an auditor of the Company conducting the mandatory

audit of the Company as required by Russian laws, the President of the Company, or other persons in the cases provided by legislation or the Company's charter.

2.3.3 When adopting a resolution to call a meeting of the Board of Directors, the Chairman of the Board of Directors will determine:

- the date, time, and place of the meeting;
- the agenda of the meeting;
- the list of information and materials to be provided to the members of the Board of Directors for the meeting.

2.3.4 Meetings of the Board of Directors may be held in the Russian Federation or in other states.

2.4 Notification of members of the Board of Directors concerning a meeting of the Board of Directors.

All members of the Board of Directors shall be notified of a meeting of the Board of Directors at least 10 calendar days before the meeting.

Pursuant to a resolution of the Board of Directors the aforesaid period may be increased or decreased at the time of adoption of the resolution to call the meeting.

The notice of a meeting shall include:

- the date, time, and place of the meeting;
- matters on the agenda of the meeting.

The notice of a meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors, or by the Secretary of the Board of Directors by the order of the Chairman of the Board of Directors.

The notice of a meeting shall be sent to all members of the Board of Directors in writing by fax or other means convenient for them (including via post, telegraph, teletype, telephone, electronic mail, or otherwise). The notice of the meeting shall simultaneously be delivered to the members of the Board of Directors via post or by hand.

Any change in the time and/or place of a meeting of the Board of Directors shall be communicated by the Chairman of the Board of Directors to all members of the Board of Directors, taking into account the time usually required for their travel to the meeting.

2.5 Information and materials on agenda items.

The members of the Board of Directors shall be provided with the complete information and materials on each matter on the agenda.

Information and materials to be provided to the members of the Board of Directors when meetings of the Board of Directors are called:

- information on the implementation of earlier resolutions of the Board of Directors;
- explanatory/informational notes on each agenda matter, specifying the initiators behind the submission of the matter to the Board of Directors for consideration, the substance of the matter, applicable legislation, a draft resolution, the procedure for adopting the resolution, and other necessary information;
- draft internal documents submitted to the Board of Directors for approval;

- draft business plans (budgets, financial plans) and other plans and programs submitted to the Board of Directors for approval;
- information on major transactions and interested party transactions submitted to the Board of Directors for approval, and the material terms and conditions of such transactions.

Information and materials on agenda matters may be sent simultaneously with the notice of the meeting or separately, but in any case must be provided to the members of the Board of Directors no later than 10 calendar days before the meeting.

Additional material on agenda matters, which is only available after the notification deadline, may be provided in advance of the meeting, directly before the meeting, or at the meeting itself.

The Chairman of the Board of Directors shall take all necessary steps to provide the members of the Board of Directors in a timely manner with the information necessary to adopt resolutions on agenda items.

The President of the Company shall in a timely manner provide full and accurate information on matters on the agenda of meetings of the Board of Directors and at the request of members of the Board of Directors.

## 2.6 Calling of meetings of the Board of Directors and obligatory procedure.

The Chairman of the Board of Directors shall call meetings of the Board of Directors in the cases provided by legislation and the Company's charter.

If the Chairman of the Board of Directors does not call a meeting of the Board of Directors in cases provided for in the legislation and the charter of the Company, the meeting may be called by the Deputy Chairman of the Board of Directors or any two members of the Board of Directors.

## 2.7 Procedure for conducting meetings of the Board of Directors.

### 2.7.1 Procedure for conducting meetings of the Board of Directors:

- determination of whether a quorum of 6 members is present for the meeting, a Board member may also be present via written opinion;
- examination of proposals to change the agenda of the meeting;
- information on the implementation of earlier resolutions of the Board of Directors
- decisions are to be taken by a simple majority voting of members attending

For each matter on the agenda;

- A report on the substance of the matter under consideration. Reports on agenda matters may be given by the Chairman of the Board of Directors, members of the Board of Directors, the President of the Company, or invited guests.
- Speeches by members of the Board of Directors;
- Voting on matters on the agenda;
- Summation of voting results for each matter on the agenda.

Depending on the agenda matters under consideration and other circumstances, the Chairman of the Board of Directors may change the procedure for conducting a meeting of the Board of Directors.

### 2.7.2 Participants in meetings of the Board of Directors.

In addition to the members of the Board of Directors, the President of the Company may also participate in meetings of the Board of Directors.

Depending on the matters included in the agenda of a meeting of the Board of Directors, the following persons may participate in the meeting:

- vice presidents and other employees of the Company;
- members of the Company's audit committee;
- the Company's auditors;
- hired experts.

The specific list of persons invited to participate in a meeting of the Board of Directors shall be determined by the Chairman of the Board of Directors when calling the meeting.

## 2.8 Account of written opinions of members of the Board of Directors absent from a meeting.

When a meeting of the Board of Directors is held in direct form, the written opinions of absent members of the Board of Directors will be taken into account for purposes of determining whether a quorum is present and determining the results of voting on agenda matters at a meeting..

Any written opinions must 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 meeting or during the meeting.

The Chairman of the Board of Directors will inform the attending members of the Board of Directors about the written opinions received from absent members of the Board of Directors. Information on the voting of an absent member of the Board of Directors on agenda matters will be read by the Chairman of the Board of Directors at the time of voting on the relevant agenda matter.

## 2.9 Minutes of meetings of the Board of Directors.

The minutes of a meeting of the Board of Directors shall be kept by the Secretary of the Board of Directors.

The minutes of the meeting must contain:

- the time and place of the meeting;
- persons attending the meeting;
- members of the Board of Directors who gave written opinions on the agenda items;
- the agenda of the meeting;
- matters put to vote;
- the results of all votes and resolutions adopted

The minutes of a meeting of the Board of Directors shall be signed by the person presiding over the meeting and by the Secretary of the Board of Directors.

When the written opinion of absent members of the Board of Directors are taken into account in determining whether a quorum is present and determining the results of voting on agenda matters at a meeting, such written opinions shall be joined to the minutes as annexes.

The minutes shall be prepared and signed in Russian. The Company shall arrange for translation of the signed minutes into English.

#### 2.10 Committees of the Board of Directors.

Committees may be created within the Board of Directors for consideration of the most important matters assigned to its competence. At least one Board of Directors member should be part of any committee. The Audit Committee shall be composed solely of members of the Board of Directors, who shall meet the requirements of applicable legislation and corporate governance standards. Such committees may prepare decisions on issues that the Board of Directors has to decide and propose a resolution to the Board of Directors.

### **3. ADOPTION OF RESOLUTIONS BY WAY OF REMOTE VOTING**

#### 3.1 Adoption of resolutions of the Board of Directors by way of remote voting.

A resolution of the Board of Directors may be adopted by way of remote voting, i.e., without holding a meeting of the Board of Directors in direct form.

The Board of Directors may not adopt resolutions on the following matters by way of remote voting:

- approval of the priority lines of the Company's activities and the Company's budget;
- calling of the annual general meeting of shareholders and the adoption of resolutions necessary to call and hold the annual meeting;
- preliminary approval of the Company's annual report;
- calling of an extraordinary general meeting of shareholders or refusal to call such meeting;
- election and reelection of the Chairman of the Board of Directors;
- suspension of the authority of the President of the Company and appointment of a temporary individual executive body of the Company (acting President of the Company);
- submission of proposals on reorganization or liquidation of the Company to the general meeting of shareholders for consideration;
- increase in the charter capital by way of the placement of additional shares within the limits of the number and category/class of authorized shares.

#### 3.2 Remote voting will be held pursuant to a resolution of the Chairman of the Board of Directors. Other Board of Director members may suggest remote voting.

When deciding to hold remote voting, the Chairman of the Board of Directors shall determine:

- the matters to be put to remote voting;
- draft decisions on agenda items;
- the text and form of the ballots;
- the list of information and materials to be provided to the members of the Board of Directors;
- the date when the members of the Board of Directors are to be provided with the ballots and other information and materials;
- the deadline for receipt of ballots;
- the address to which ballots are to be sent.

- 3.3 A notice of remote voting will be sent to all members of the Board of Directors no later than 10 calendar days before the deadline for receipt of ballots.

The notice of remote voting shall include:

- the matters put to remote voting;
- the deadline for receipt of ballots;
- the address to which ballots are to be sent

The notice of remote voting shall be signed by the Chairman of the Board of Directors, or by the Secretary of the Board of Directors by the order of the Chairman of the Board of Directors.

Simultaneously with the notice of remote voting, all members of the Board of Directors will be sent:

- Ballots for voting on all matters put to remote voting;
- Information and materials on all matters put to remote voting.

The notice of remote voting will be sent to all members of the Board of Directors in writing by fax or other means convenient for them (including via post, telegraph, teletype, telephone, electronic mail, or otherwise). The notice of remote voting shall simultaneously be delivered to all members of the Board of Directors via post or by hand.

Ballots for remote voting by the Board of Directors shall include the following information:

- the full corporate name and location of the Company;
- the deadline for receipt of ballots;
- the address to which ballots are to be sent
- the wording of each matter put to a vote, draft decision, and the voting options for each, expressed as “for,” “against,” and “abstained”;
- the instruction that the ballot must be signed by the member of the Board of Directors.

- 3.4 Summation of remote voting results and preparation of the voting record.

Board of Director members will be deemed to have participated in a remote voting if their ballots are received no later than the deadline established for the receipt of ballots.

Summation of voting results and preparation of a record of remote voting shall be done no later than 3 days after the deadline for receipt of ballots. The record of remote voting shall be signed by the Chairman of the Board of Directors and by the Secretary of the Board of Directors.

All members of the Board of Directors will be informed of resolutions of the Board of Directors adopted by way of remote voting and the results of remote voting no later than 3 days after the signing of the record of remote voting results, by the delivery of a copy of the record to all members of the Board of Directors.

#### **4. DISCLOSURE OF INFORMATION BY MEMBERS OF THE BOARD OF DIRECTORS**

- 4.1 Members of the Board of Directors shall disclose the following information:

- on Company securities owned by them and the sale and/or purchase of Company securities;
- on legal entities in which they independently or with their affiliates hold 20 percent or more of the voting shares (interests, ownership units);
- on legal entities in whose governance bodies they hold positions;
- on any known current and proposed transactions in which they may be deemed interested parties in accordance with legislation;
- on whether they meet the criteria of independent member of the Board of Directors

An independent member of the Board of Directors shall be a member who:

- over the last 3 years has not been, and at the time of election to the Company's Board of Directors is not, an officer (manager) or employee of the Company, or an officer or employee of the managing organization of the Company;
- is not an officer of another company in which any of the officers of the Company is a member of the appointments and remuneration committee of the board of directors;
- is not a spouse, parent, son/daughter, brother and/or sister of an officer (manager) of the Company;
- is not an affiliated person of the Company or an affiliated person of such affiliated persons;
- is not bound by contractual relations with the Company, whereby the person may acquire property (receive monies) with a value in excess of 10 percent of such person's aggregate annual income, other than through receipt of remuneration for participation in the operations of the Company's Board of Directors;
- is not a major business partner of the Company (a business partner with an annual value of transactions with the Company in excess of 10 percent of the balance sheet value of the Company's assets); and
- is not a representative of the government.

No member of the Board of Directors may be deemed independent if he has acted in the capacity of a member of the Board of Directors of the Company for more than five years.

Independent members of the Board of Directors shall refrain from actions that may compromise their independent status. 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 director should notify the Company's Board of Directors accordingly, and give detailed account of all such changes and new circumstances. 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 call an extraordinary General Meeting of Shareholders to elect a new Board of Directors;

- other information on existing or potential conflicts between the interests of a member or members of the Board of Directors and the interests of the Company;
- other information prescribed by legislation.

4.2 Independent members of the Board of Directors shall disclose information on changes or circumstances occurring since their election to the Board of Directors as a result of which they cease to be independent under applicable corporate governance standards.

- 4.3 Disclosure of information in accordance with this section 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.
- 4.4 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.

## **5. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF EXPENSES ASSOCIATED WITH PERFORMANCE OF THEIR DUTIES**

- 5.1 Compensation of members of the Board of Directors.

Compensation may be paid to the members of the Board of Directors pursuant to a resolution of the general meeting of shareholders.

The amount of the compensation shall be determined by the resolution of the general meeting of shareholders.

The amount of compensation of members of the Board of Directors shall be determined on the basis of the results of the business year preceding the general meeting of shareholders at which the resolution setting compensation (if compensation is established) is adopted, in accordance with section 13.9 of the Company's charter, and shall be paid on the condition that the respective member of the Board of Directors continues to be on the Board of Directors at the date of such meeting.

- 5.2 Reimbursement for expenses of members of the Board of Directors.

The Company shall reimburse the members of the Board of Directors for all expenses associated with the performance of their functions as members of the Board of Directors, including expenses associated with travel to meetings of the Board of Directors, accommodation, use of communication services, and other expenses. Expenses of members of the Board of Directors shall be compensated in the actual amount incurred, confirmed by appropriate documentation (invoices, receipts, checks, tickets, and other documents).

## **6. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS ASSOCIATED WITH PERFORMANCE OF THEIR DUTIES**

- 6.1 Members of the Board of Directors shall act in the Company's interests when exercising their rights and performing their duties and must exercise their rights and perform their duties in respect of the Company conscientiously and reasonably. Members of the Company's Board of Directors will be accountable to the General Meeting of Shareholders if they fail to perform their functions, perform their functions negligently or exceed their powers or in the event of inaction or infringement of provisions in the Company's Charter or resolutions of the General Meeting of Shareholders or the Company's Board of Directors.
- 6.2 Members of the Company's Board of Directors will be liable to the Company for losses caused to the Company by their culpable actions (inaction) unless other grounds and levels of liability are established by federal laws.

Members of the Company's Board of Directors who voted against a resolution which has caused the Company losses or who did not take part in the voting cannot be held liable.