

DRAFT

CHARTER
of
Joint-Stock Central Telecommunication Company
(seventh edition)

2007
Moscow Oblast, Khimki

* Amendments and supplements are stressed **in bold print**

1. GENERAL PROVISIONS

- 1.1 Open Joint Stock Company “Electrosvyaz” of Moscow Region was renamed Joint-Stock Central Telecommunication Company (hereinafter the “Company”) pursuant to the resolution of the General Meeting of Shareholders (Protocol No. 7 of 01 June 2001).
- 1.2 The Company was registered by the Order of the Head of the Administration of Moscow Region No. 567-r of 9 June 1994, state registration certificate No. 127 of 20 June 1994.

Pursuant to the Federal Law ‘On State Registration of Legal Entities’ the Company was registered in the Unified State Register of Legal Entities on 1 November 2002 under No. 1025006174710.
- 1.3 The Company was established and operates in accordance with the Civil Code of the Russian Federation, the Federal Law ‘On Joint Stock Companies’, effective legislation and this Charter.
- 1.4 The founder of the Company is the Moscow Region Property Management Committee.
- 1.5 The Company is the legal successor of State Communications and IT Enterprise ‘Rossvyazinform’ of Moscow Region in respect of telecommunications and cable broadcasting.
- 1.6 Pursuant to the resolution of the Extraordinary General Meeting of Shareholders of JSC CenterTelecom (Protocol No. 8 of 22 February 2002), the Company was reorganized in the form of takeover of Open Joint Stock Company “Belgorodskaya Elektricheskaya Svyaz” (INN/KPP 3124019176/312301001), Open Joint Stock Company of Communications and IT of Bryansk region “Bryansksvyazinform” (INN/KPP 3201003448/320101001), Open Joint Stock Company “Electrosvyaz” of Vladimir region (INN/KPP 3328100883/332801001), Open Joint Stock Company of Communications and IT of Voronezh region (INN/KPP 3666007847/366601001), Open Joint Stock Company “Ivanovo Telecommunication Networks” (INN/KPP 3731001319/370201001), Open Joint Stock Company “Electrosvyaz” of Kaluga region (INN/KPP 4000000262/402701001), Open Joint Stock Company “Electrosvyaz” of Kostroma region (INN/KPP 4401003616/440101001), Open Joint Stock Company “Electrosvyaz” of Kursk region (INN/KPP 4629020070/463201001), Open Joint Stock Company “Lipetskelectrosvyaz” (INN/KPP 4825007766/482501001), Open Joint Stock Company “Elektricheskaya Svyaz of Orel Region” (INN/KPP 5700000076/575301001), Open Joint Stock Company “Electrosvyaz” of Ryazan region (INN/KPP 6227002099/622701001), Open Joint Stock Company of Communications and IT of Smolensk region “Smolensksvyazinform” (INN/KPP 6730017079/673001001), Open Joint Stock Company “Tambov Electrosvyaz” (INN/KPP 6831005256/682901001), Open Joint Stock Company “Electrosvyaz” of Tver region (INN/KPP 6900000477/690501001), Open Joint Stock Company “Tulatelecom” (INN/KPP 7107001641/710101001) and Open Joint Stock Company “Yaroslavl Telecommunication Networks” (INN/KPP 7604008421/760101001) under:

Takeover Agreement No. 379-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company Belgorodskaya Elektricheskaya Svyaz of 14 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 309-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company of Communications and IT of Bryansk region "Bryansksvyazinform" of 14 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 378-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Electrosvyaz" of Vladimir region of 14 February 2002 (Protocol No. 1) and the General Meeting of Shareholders JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 332-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company of Communications and IT of Voronezh region of 20 February 2002 (Protocol No. 9) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 304-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Ivanovo Telecommunication Networks" of 15 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 308-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Electrosvyaz" of Kaluga region of 21 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 310-DO, approved by the extraordinary general meeting of shareholders of Open Joint Stock Company "Elektrosvyaz" of the Kostroma Oblast of 15 February 2002, Minutes No. 10, and the general meeting of shareholders of JSC CenterTelecom of 22 February 2002, Minutes No. 8;

Takeover Agreement No. 377-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Electrosvyaz" of Kursk region of 15 February 2002 (Protocol No. 8) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 311-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Lipetskelectrosvyaz" of 13 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 380-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company "Elektricheskaya Svyaz of Orel Region" of 20 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 312-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company “Electrosvyaz” of Ryazan region of 19 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 306-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company of Communications and IT of Smolensk region “Smolensksvyazinform” of 18 February 2002 (Protocol No. 9) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 313-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company “Tambov Electrosvyaz” of 13 February 2002 (Protocol No. 11) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 305-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company “Electrosvyaz” of Tver region of 19 February 2002 (Protocol No. 8) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 307-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company “Tulatelecom” of 11 February 2002 (Protocol No. 10) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8);

Takeover Agreement No. 331-DO, approved by the Extraordinary General Meeting of Shareholders of Open Joint Stock Company “Yaroslavl Telecommunication Networks” of 18 February 2002 (Protocol No. 1) and the General Meeting of Shareholders of JSC CenterTelecom of 22 February 2002 (Protocol No. 8).

- 1.7 The Company is the legal successor in all and any rights and obligations of Open Joint Stock Company “Belgorodskaya Elektricheskaya Svyaz”, Open Joint Stock Company of Communications and IT of Bryansk region “Bryansksvyazinform”, Open Joint Stock Company “Electrosvyaz” of Vladimir region, Open Joint Stock Company of Communications and IT of Voronezh region, Open Joint Stock Company “Ivanovo Telecommunication Networks”, Open Joint Stock Company “Electrosvyaz” of Kaluga region, Open Joint Stock Company “Electrosvyaz” of Kostroma region, Open Joint Stock Company “Electrosvyaz” of Kursk region, Open Joint Stock Company “Lipetskelectrosvyaz”, Open Joint Stock Company “Elektricheskaya Svyaz of Orel Region”, Open Joint Stock Company “Electrosvyaz” of Ryazan region, Open Joint Stock Company of Communications and IT of Smolensk region “Smolensksvyazinform”, Open Joint Stock Company “Tambov Electrosvyaz”, Open Joint Stock Company “Electrosvyaz” of Tver region, Open Joint Stock Company “Tulatelecom” and Open Joint Stock Company “Yaroslavl Telecommunication Networks” with respect to all and any of their creditors and debtors.

1.8 Termination of activity of:

Open Joint Stock Company “Belgorodskaya Elektricheskaya Svyaz” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the City of Belgorod, Belgorod region on 30 November 2002 under state registration number 2023101661823 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company of Communications and IT of Bryansk region, “Bryansksvyazinform” was registered with the 10th Inter-regional Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Bryansk region on 30 November 2002 under state registration number 2023202743232 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Vladimir region was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Oktyabr District of the City of Vladimir, Vladimir region on 30 November 2002 under state registration number 2023301462358 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company of Communications and IT of Voronezh region was registered with the Inter-regional Major Taxpayers Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Voronezh region on 30 November 2002 under state registration number 2023601566481 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Ivanovo Telecommunication Networks” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the City of Ivanovo on 30 November 2002 under state registration number 2023700555063 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Kaluga region was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Lenin District of the City of Kaluga on 30 November 2002 under state registration number 2024001181818 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Kostroma region was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the City of Kostroma on 30 November 2002 under state registration number 2024400525950 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Kursk region was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the City of Kursk on 30 November 2002 under state registration number 2024600956686 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Lipetskelectrosvyaz” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Central District of the City of Lipetsk on 30 November 2002 under state registration number 2024800833528 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electricheskaya Svyaz of Orel Region” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Soviet District of the City of Orel on 30 November 2002 under state registration number 2025700829812 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Ryazan region was registered with the 1st Inter-regional Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Ryazan region on 30 November 2002 under state registration number 2026200871673 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company of Communications and IT of Smolensk region “Smolensksvyazinform” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Industrial District of the City of Smolensk on 30 November 2002 under state registration number 2026701447936 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Tambov Electrosvyaz” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Oktyabr District of the City of Tambov on 30 November 2002 under state registration number 2026801227891 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Electrosvyaz” of Tver region was registered with the 1st Inter-regional Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Tver region on 30 November 2002 under state registration number 2026900580001 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Tulatelecom” was registered with the Inter-regional Major Taxpayers Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Tula region on 30 November 2002 under state registration number 2027100507564 as a result of its reorganization in the form of takeover by JSC CenterTelecom;

Open Joint Stock Company “Yaroslavl Telecommunication Networks” was registered with the Inspectorate of the Ministry of the Russian Federation of Taxes and Duties for the Kirov District of the City of Yaroslavl on 30 November 2002 under state registration number 2027600686573 as a result of its reorganization in the form of takeover by JSC CenterTelecom.

2. COMPANY NAME AND LOCATION

2.1 Company’s full business name:

in Russian – Открытое акционерное общество “Центральная телекоммуникационная компания”;

in English – Joint-Stock Central Telecommunication Company.

2.2 Company’s abbreviated business name:

in Russian – ОАО “ЦентрТелеком”;

in English – JSC CenterTelecom.

2.3 Company location: Russian Federation, 141400 Khimki, Moscow Region, Ulitsa Proletarskaya, 23.

Postal address:

125993 Moscow, City Service Post Office 3, Degtyarniy Pereulok, 6, Building 2

3. LEGAL STATUS OF COMPANY

3.1 The Company is an open joint stock company established for an unlimited period.

The Company’s legal status, the procedure for its reorganization or liquidation and also the rights and obligations of the shareholders of the Company shall be determined by the Civil Code of the Russian Federation, the Federal Law ‘On Joint Stock Companies’, other federal laws, other normative acts of the Russian Federation adopted by the relevant governmental bodies within their authority and this Charter.

In the event that effective legislation or other amended acts of the Russian Federation are amended this Charter shall have effect in that part complying therewith.

In matters not regulated hereunder the Company shall be governed by the legislation of the Russian Federation and other normative acts adopted by the relevant governmental bodies within their authority.

3.2 The Company is a legal entity, owns separate assets recorded on its independent balance sheet and may in its own name acquire and exercise material and personal intangible rights, have obligations and be plaintiff or defendant in a court of law.

The Company has a round seal bearing the following mandatory details: full company name of the Company in Russian indicating the legal form of incorporation and state registration number in the Unified State Register of Legal Entities. The Company also has other seals, stamps and Company letterheads bearing the name of the Company, its own emblem, a duly registered trademark and other means of visual identification.

Branch offices and separate structural subdivisions of the Company have a round seal bearing the following mandatory details: full or abbreviated company name of the Company in Russian, indicating the legal form of incorporation and the state registration number in the Unified State Register of Legal Entities and the name of the branch office (structural subdivision). Branch offices and separate structural subdivisions of the

Company additionally have other seals, stamps and company letterheads bearing the name of the Company and of the relevant branch office (structural subdivision).

The Company may through established procedures open bank accounts on the territory of the Russian Federation and abroad.

- 3.3 The Company is liable for its obligations within the limits of its assets and material rights that may be subject to enforcement under legislation of the Russian Federation.

The Company is not liable for the obligations of its shareholders.

Shareholders are not liable for the Company's obligations and bear the risk of losses associated with its activity within the value of shares owned by them.

- 3.4 The State and its bodies are not liable for the Company's obligations and, equally, the Company is not liable for obligations of the State or its bodies.
- 3.5 If insolvency (bankruptcy) is caused by the actions (inaction) of shareholders or other parties that have the right to issue instructions binding upon the Company or are otherwise able to determine its actions, such shareholders or other parties may have subsidiary liability for the Company's obligations in the event that the Company's assets are insufficient.
- 3.6 In order to implement **state** social, economic and tax policies, the Company will be liable for the safekeeping of documents (administrative, financial, economic, personnel etc.), shall ensure that documents of historical and academic interest are transferred for state storage and shall store and use documents with respect to personal and personal data through the established procedures.

4. COMPANY PURPOSE AND ACTIVITIES

- 4.1 The Company's main purposes are the pursuit of profit and provision of communications services to the public, governmental bodies and other organizations.
- 4.2 The main activities of the Company are:
- 4.2.1 Provision of local and intra-zone telecommunications services;
 - 4.2.2 Provision of local, intercity and international telecommunications services using payphones and joint-use centers.
 - 4.2.3 Provision of intercity and international telecommunications services.
 - 4.2.4 Provision of mobile communications services (GSM-900, GSM-1800, NMT-450, AMPS/D-AMPS standard).
 - 4.2.5 Leasing of physical lines, channels and highways for communications, including broadcast channels.
 - 4.2.6 Provision of telematic services (including e-mail services, information resource access services, directory-enquiries information services, Telefax service, Comfax services, Bureau fax services, a message-processing services, voicemail services,

voice-data transmission services and audio-conference, videoconference and Internet services).

- 4.2.7 Provision of data transmission services.
- 4.2.8 Provisions of radial-zone network services (trunking).
- 4.2.9 Provision of intelligent network communications services.
- 4.2.10 Provision of telegraphy services (including “telegram” service, Dial Telegraph/Telex service).
- 4.2.11 Provision of radio-telecommunications services.
- 4.2.12 Provision of local radio-access telecommunications services (CDMA).
- 4.2.13 Provision of mobile radio-telecommunications services.
- 4.2.14 Provision of wireline broadcasting services.
- 4.2.15 Provision of on-air television broadcasting services.
- 4.2.16 Provision of on-air radio broadcasting services and transmission of supplementary information.
- 4.2.17 Provision of wireless radio-access services.
- 4.2.18 Provision of services relating to the transmission of television programmes over cable television networks.
- 4.2.19 Provision of personal paging services using multiplexed VHF channels.
- 4.2.20 Provision of mobile radio communications services.
- 4.2.21 Provision of wireless broadband access services.
- 4.2.22 Television and radio broadcasting.
- 4.2.23 Parameter testing and measuring for power plants, facilities and the components and elements thereof during installation, running in, maintenance and repair.
- 4.2.24 Publishing and printing.
- 4.2.25 Communication services certification.
- 4.2.26 Integration of quality-management systems.
- 4.2.27 Organization of restoration of networks and communications in emergencies and following damage.
- 4.2.28 Market research.
- 4.2.29 Construction of buildings and facilities in liability categories 1 and 2 according to state standards.
- 4.2.30 Engineering surveys for the construction of buildings and facilities in liability categories 1 and 2 according to state standards.
- 4.2.31 Planning of buildings and facilities in liability categories 1 and 2 according to state standards.

- 4.2.32 Maintenance of highly explosive production sites.
- 4.2.33 Maintenance of high fire-risk production sites.
- 4.2.34 Maintenance of load-lifting facilities.
- 4.2.35 Maintenance of electricity and heating networks.
- 4.2.36 Carriage of passengers by motor transport.
- 4.2.37 Carriage of freight by motor transport.
- 4.2.38 Technical servicing and repair of means of transport.
- 4.2.39 Maintenance of filling stations.
- 4.2.40 Activity connected with the use of precious metals.
- 4.2.41 Procurement, refining and sale of precious metal scrap.
- 4.2.42 Maintenance activities for the engineering systems of towns and populated areas.
- 4.2.43 Water usage for special purposes.
- 4.2.44 Subsurface usage.
- 4.2.45 Integrated use of natural resources.
- 4.2.46 Environmental protection services (works).
- 4.2.47 Educational activity.
- 4.2.48 Medical activity.
- 4.2.49 Pharmaceutical activity.
- 4.2.50 Trading.
- 4.2.51 Geodesic activity.
- 4.2.52 Cartography.
- 4.2.53 Carrying out of works in the installation, repair and servicing of fire-safety mechanisms at buildings and facilities.
- 4.2.54 Storage of oil, gas and refined oil and gas products.
- 4.2.55 Sale of oil, gas and refined oil and gas products.
- 4.2.56 Hotel services.
- 4.2.57 Management of hazardous wastes.
- 4.2.58 Provisions of Company security.
- 4.2.59 Activity connected with the protection of state secrets.
- 4.2.60 Technical protection of confidential information.
- 4.2.61 Implementation of mobilization measures for communications networks and emergency measures, through the established procedure.
- 4.2.62 Measurement assurance, operation and repair of measuring appliances.

- 4.2.63 Maintenance, repair, acquisition and distribution of cash register.
 - 4.2.64 Production and circulation of ethyl alcohol, alcoholic and spirit-based products.
 - 4.2.65 Scientific-technical activity.
 - 4.2.66 Foreign-economic activity.
- 4.3 The Company has general legal capacity and, therefore, has civil rights and duties necessary to engage in any other activities not prohibited by federal laws.
- The Company may engage in certain activities, the list of which is determined by federal law, only on the basis of a special permit (license).

5. COMPANY BRANCHES AND REPRESENTATIVE OFFICES, SUBSIDIARY AND DEPENDENT COMPANIES

- 5.1 The Company has the right to establish branch offices and open representative offices on the territory of the Russian Federation through the established procedure. Branch offices and representative offices are not legal entities.
- 5.2 The Company's structure includes the following branches:
- 5.2.1. Belgorodski subsidiary of JSC CenterTelecom
Registered office: 3 Sobornaya Square, Belgorod, 308000, Russia
Mailing address: 33 Sobornaya Square, Belgorod, 308000, Russia
 - 5.2.2. Bryanski subsidiary of JSC CenterTelecom
Registered office: 9 Karl Marx Square, Bryansk, 241000, Russia
Mailing address: 9 Karl Marx Square, Bryansk, 241000, Russia
 - 5.2.3. Upper Volga subsidiary of JSC CenterTelecom
Registered office: 22 Komsomolskaya Street, Yaroslavl, 150000, Russia
Mailing address: 22 Komsomolskaya Street, Yaroslavl, 150000, Russia
 - 5.2.4. Vladimirski subsidiary of JSC CenterTelecom
Registered office: 42 Gorkogo Street, Vladimir, 600000, Russia
Mailing address: 42 Gorkogo Street, Vladimir, 600000, Russia
 - 5.2.5. Voronezhski subsidiary of JSC CenterTelecom
Registered office: 35 Revolution Prospekt, Voronezh, 394000, Russia
Mailing address: 35 Revolution Prospekt, Voronezh, 394000, Russia
 - 5.2.6. Kaluzhski subsidiary of JSC CenterTelecom
Registered office: 38 Teatralnaya Street, Kaluga, 248600, Russia
Mailing address: 38 Teatralnaya Street, Kaluga, 248600, Russia
 - 5.2.7. Kurski subsidiary of JSC CenterTelecom
Registered office: 8 Krasnaya Square, Kursk, 305000, Russia
Mailing address: 8 Krasnaya Square, Kursk, 305000, Russia

- 5.2.8. Lipetski subsidiary of JSC CenterTelecom
Registered office: 35a Tereshkovoy Street, Lipetsk, 398000, Russia
Mailing address: 35a Tereshkovoy Street, Lipetsk, 398000, Russia
 - 5.2.9. Moscow subsidiary of JSC CenterTelecom
Registered office: 23 Proletarskaya Street, Khimki, Moscow region, 141400, Russia
Mailing address: 29 Narodnogo Opolchenya Street, Building 2, Moscow, 123154, Russia
 - 5.2.10. Orlovski subsidiary of JSC CenterTelecom
Registered office: 43 Lenina Street, Orel, 302000, Russia
Mailing address: 43 Lenina Street, Orel, 302000, Russia
 - 5.2.11. Ryazanski subsidiary of JSC CenterTelecom
Registered office: 43 Schedrina Street, Ryazan, 390006, Russia
Mailing address: 43 Schedrina Street, Ryazan, 390006, Russia
 - 5.2.12. Smolenski subsidiary of JSC CenterTelecom
Registered office: 6 Oktyabrskoy Revolution Street, Smolensk, 214000, Russia
Mailing address: 6 Oktyabrskoy Revolution Street, Smolensk, 214000, Russia
 - 5.2.13. Tambovski subsidiary of JSC CenterTelecom
Registered office: 2-B Astrakhanskaya Street, Tambov, 392002, Russia
Mailing address: 2-B Astrakhanskaya Street, Tambov, 392002, Russia
 - 5.2.14. Tverskoy subsidiary of JSC CenterTelecom
Registered office: 24 Novotorzhskaya Street, Tver, 170000, Russia
Mailing address: 24 Novotorzhskaya Street, Tver, 170000, Russia
 - 5.2.15. Tulski subsidiary of JSC CenterTelecom
Registered office: 33 Lenina Prospekt, Tula, 300000, Russia
Mailing address: 33 Lenina Prospekt, Tula, 300000, Russia
- 5.3 The Company's branch and representative offices shall operate in accordance with the regulations on them, to be approved by the Company's Board of Directors. The Company's Board of Directors shall adopt resolutions to establish branch offices, open representative offices and liquidate branch or representative offices.
- The heads of branch and representative offices shall be appointed and relieved of duty by the Company's General Director upon prior agreement with the Company's Board of Directors and shall act on the Company's behalf on the basis of a power of attorney.
- 5.4 In the event of changes to the details of branch or representative offices relevant amendments shall be introduced to this Charter. The state registration authority shall be notified of such amendments. Amendments hereto shall take effect for third parties from the moment the authority for state registration of legal entities is notified thereof.

- 5.5 The Company may have subsidiary and dependent companies with the rights of legal entities: on the territory of the Russian Federation, established in accordance with the Federal Law 'On Joint Stock Companies' and other federal laws; or, outside the territory of the Russian Federation, established in accordance with the legislation of the foreign state in which the subsidiary or dependent companies are located, unless otherwise stipulated by an international agreement to which the Russian Federation is a signatory.
- 5.6 A company is deemed a subsidiary company, if another (principal) economic company, by virtue of a majority interest in its charter capital or under an agreement made between them or otherwise, can determine the decisions to be adopted by that company.
- 5.7 A subsidiary company is not liable for the debts of the principal company.
- 5.8 The principal company, which has the right to issue binding instructions to the subsidiary company, is jointly and severally liable with the subsidiary company in respect of transactions that the latter enters into pursuant to such instructions. The principal company has the right to issue binding instructions to the subsidiary company only in the event that such right is provided in the agreement with the subsidiary company or the charter of the subsidiary company.
- 5.9 In the event that the subsidiary company becomes insolvent (bankrupt) due to the fault of the Company the latter will be subsidiary liable for its debts. Insolvency (bankruptcy) in the subsidiary company will be deemed the fault of the Company only where the Company was fully aware that the exercise of the aforementioned right and (or) ability to influence the actions of the subsidiary company would result in the subsidiary company becoming insolvent (bankrupt).
- 5.10 A Company is deemed dependent, if another (dominant) company has more than 20 percent of voting shares in the first company.

A company that has acquired more than 20 percent of voting shares in a company must immediately publish notice of this fact through the procedures determined by the federal governmental body for the securities market.

6. COMPANY CHARTER CAPITAL. PLACED AND DECLARED SHARES.

- 6.1 The charter capital of the Company is 6,311,998,965.00 rubles (six billion three hundred and eleven million nine hundred and ninety eight thousand nine hundred and sixty five rubles 00 copecks).
- 6.2 The charter capital of the Company comprises of the nominal value of shares issued in the non-documentary form and acquired by the shareholders, of which:
- 6.2.1 Common registered shares – 1,578,006,833 shares. The nominal value of each common share is 3 rubles.
- 6.2.2 Class A preferred registered shares – 525,992,822 shares. The nominal value of each preferred share is 3 rubles.

- 6.3 The Company has the right to place 76 166 167 common registered non-documentary (book-entry) shares in addition to placed common shares (declared shares). The nominal value of each declared common share is 3 Rubles.

The Company has the right the place 25 405 178 Type A preferred registered non-documentary shares in addition to placed Type A preferred shares (declared shares). The nominal value of each declared preferred share is 3 Rubles.

- 6.4 The declared shares specified in Clause 6.3 herein will, when placed, confer all of the rights specified in Sections 8 and 9 herein for holders of common shares and holders of Type A preferred shares.
- 6.5 The charter capital of the Company may be increased through the procedure provided by effective legislation of the Russian Federation and herein, as follows:
- 6.5.1 by increasing the nominal value of shares of the Company;
 - 6.5.2 by placement of additional shares within the limits of the number of declared shares determined in Clause 6.3 herein.
- 6.6 The charter capital of the Company shall be increased by increasing the nominal value of shares on the basis of a resolution of the General Meeting of Shareholders of the Company, adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting.
- 6.7 The charter capital of the Company shall be increased by private placement of additional shares on the basis of a resolution of the General Meeting of Shareholders of the Company, adopted by a majority of three quarters of votes of shareholders holding voting shares in the Company participating in the meeting.
- 6.8 An increase of the charter capital of the Company by public placement of additional shares where the number of shares to be additionally placed is more than 25 percent of number of shares previously placed by the Company shall be conducted on the basis of a resolution of the General Meeting of Shareholders of the Company, adopted by a majority of three quarters of votes of shareholders holding voting shares of the Company participating in the meeting.
- 6.9 Subject to Clause 6.8 herein, the charter capital of the Company shall be increased by public placement of additional shares on the basis of a resolution of the Board of Directors of the Company, adopted unanimously by all members of the Board of Directors of the Company and disregarding the votes of former Company directors.
- 6.10 Additional shares to be placed by subscription may be paid for in monies, securities, other property, material or other rights with a monetary value. The form of payment for additional shares shall be determined in the resolution on their placement.
- 6.11 The charter capital of the Company may be reduced by reducing the nominal value of shares or reducing the total number of shares, including through acquisition of a part of shares in cases provided by the Federal Law 'On Joint Stock Companies'.
- 6.12 A resolution to reduce the charter capital of the Company by reducing the nominal value of shares or through acquisition of a part of shares in order to reduce the total number of

shares shall be adopted by the General Meeting of Shareholders by a majority of votes of shareholders holding voting shares of the Company participating in the meeting.

- 6.13 The Company may not reduce its charter capital if, as a result of such reduction, the charter capital would fall below one thousand times the statutory minimum wage established by the federal law on the date of presentation of documents for state registration of the relevant amendments to the Company's Charter and, in the event that the Company pursuant to effective legislation of the Russian Federation, must reduce its charter capital – on the date of state registration of the Company.
- 6.14 If at the end of its second and each subsequent financial year the value of the Company's net assets is, according to the annual balance sheet submitted for approval to the Company's shareholders or according to the results of an audit review, less than its charter capital, the Company must reduce its charter capital to an amount not exceeding the value of its net assets.

7. COMPANY BONDS AND OTHER SECURITIES

- 7.1 The Company has the right to place bonds and other mass-issued securities provided for in the legal acts of the Russian Federation on securities.
- 7.2 The Company shall place bonds and other mass-issued securities on the basis of a resolution of the Board of Directors, where, under the terms of placement of such bonds and other mass-issued securities, they are not convertible into shares of the Company.
- 7.3 The Company shall place bonds convertible into shares and other mass-issued securities convertible into shares on the basis of a resolution of the Board of Directors where those bonds (other mass-issued securities) are placed through open subscription and such convertible shares (other mass-issued securities) may be converted into common shares of the Company comprising 25 percent or less of the number of previously placed common shares.
- 7.4 The Company shall place bonds convertible into shares and other mass-issued securities convertible into shares on the basis of a resolution of the General Meeting of Shareholders where those bonds (other mass-issued securities) are placed through closed subscription or open subscription where, in the process of an open subscription, convertible bonds (other mass-issued securities) may be converted into common shares of the Company comprising more than 25 percent of the number of previously placed common shares, the resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares in the Company participating in the meeting.
- 7.5 A bond shall certify the right of its holder to demand redemption of the bond (payment of the nominal value or nominal value plus interest) at a specified time.
- 7.6 The resolution to issue bonds must determine the form, period and other terms for the redemption of the bonds.

- 7.7 A bond must have a nominal value. The nominal value of all bonds issued by the Company may not exceed the amount of the charter capital of the Company or the amount of security that third parties have provided to the Company for the bond issue. The Company may place bonds only after the charter capital of the Company has been paid in full.
- 7.8 The Company may place bonds with a single maturity date or with maturity dates depending on the series of the bonds.
- 7.9 Bonds may be redeemed in monetary form or other property, according to the resolution on their issue.
- 7.10 The Company may place bonds secured by a pledge of specific assets of the Company, bonds with security that third parties provide to the Company for the bond issue or unsecured bonds.
- 7.11 Unsecured bonds may be placed after the third year of the Company's existence and may be placed only if two annual balance sheets of the Company have been duly approved by that time.
- 7.12 Bonds may be issued in registered or bearer form. The Company must maintain a register of bondholders, if the bonds are issued in registered form. Lost registered bonds shall be replaced by the Company for a reasonable charge. The rights of a holder of a lost bearer bond shall be restored by a court through the procedure established by procedural legislation of the Russian Federation.
- 7.13 The Company has the right to provide that the bonds may be redeemed early if their holders so wish. In such an event the resolution on the issue of bonds must provide for the redemption value and the period prior to which the bonds may not be presented for early redemption.
- 7.14 The Company may not place bonds or other mass-issued securities convertible into shares of the Company, if the number of declared Company shares of certain categories or types is less than the number of shares of these categories or types the rights to acquire which are conferred by such securities.
- 7.15 The holders of bonds have through the established procedure a preferential right to receive profits and assets of the Company distributed upon its liquidation.

8. RIGHTS AND DUTIES OF SHAREHOLDERS HOLDING COMMON SHARES

- 8.1 Each common share in the Company confers an identical volume of rights to a holder of such share.
- 8.2 Each shareholder holding common shares in the Company has the right:
 - 8.2.1 to participate in the General Meeting of Shareholders of the Company through the procedure provided by effective legislation of the Russian Federation;
 - 8.2.2 to receive dividends through the procedure provided by effective legislation of the Russian Federation and herein in the event that the Company declares dividends;

- 8.2.3 to receive a part of the Company's assets remaining after its liquidation, proportionate to the number of shares belonging to it;
 - 8.2.4 to have access to documents listed in Article 89.1 of the Federal Law 'On Joint Stock Companies', through the procedure provided in Article 91 of that Law;
 - 8.2.5 to demand that registrar of the Company confirms the rights of the shareholder to shares by issuing an extract from the register of shareholders of the Company;
 - 8.2.6 to receive from the registrar of the Company information on all records on its personal account and also other information as provided by legal acts of the Russian Federation establishing the procedure for maintaining the register of shareholders;
 - 8.2.7 to dispose of the shares belonging to it without the consent of other shareholders or the Company;
 - 8.2.8 in cases provided by effective legislation of the Russian Federation, to resort to legal action to protect its infringed civil rights, including to demand reimbursement of losses from the Company;
 - 8.2.9 to demand that the Company repurchase all or a part of shares belonging to the shareholder, in the cases and through the procedure provided by effective legislation of the Russian Federation;
 - 8.2.10 to sell shares to the Company in the event that the Company adopts a resolution to acquire such shares;
 - 8.2.11 to demand that the Company provides an extract from the list of persons entitled to participate in the General Meeting of Shareholders specifying information on such shareholder;
 - 8.2.12 to have a pre-emptive right to acquire additional shares and mass-issued securities convertible into shares that are being placed by open subscription, in an amount proportionate to the number of shares belonging to it.
- 8.3 A shareholder holding more than 1 percent of voting shares in the Company has the right to demand that the registrar of the Company provides him/her with information specifying the names of registered shareholders holding shares, the amount, category and nominal value of shares belonging to them (this information shall be provided without specifying shareholders' addresses).
- 8.4 Shareholders (a shareholder) holding a total of at least 1 percent of placed common shares of the Company have (has) the right to file an action against a member of the Company's Board of Directors, the Company's General Director, a member of the Company's Management Board, the management company or the manager for the compensation of losses incurred by the Company as a result of culpable actions (inaction) of such persons.
- 8.5 **Shareholders holding at least 1 per cent of votes at the general shareholder's meeting shall have the right to demand that the Company provide a list of persons entitled to participate in the meeting. Contents of documents and mailing addresses of the**

shareholders – natural persons – noted on the list shall only be provided with their consent. *(The suggestion of the Corporate Governance Committee and Red Hand)*

- 8.6 Shareholders (a shareholder) holding a total of at least 2 percent of voting shares of the Company have (has) the right to propose matters for the agenda of the Annual General Meeting of Shareholders and nominate candidates for the Company's management and supervisory bodies to be elected by the General Meeting of Shareholders. In preparing for an extraordinary General Meeting of Shareholders the agenda of which includes election of the Company's Board of Directors, such shareholders (shareholder) have (has) the right to nominate candidates for the Company's Board of Directors.
- 8.7 Shareholders (a shareholder) holding a total of at least 10 percent of voting shares of the Company have (has) the right to demand that the Company's Board of Directors convene an extraordinary General Meeting of Shareholders. If within the period of time established by effective legislation of the Russian Federation and herein the Company's Board of Directors does not adopt a resolution to convene an extraordinary General Meeting of Shareholders or refuses to convene such a meeting, the extraordinary meeting may be convened by the such shareholders.
- 8.8 Shareholders (a shareholder) holding a total of at least 10 percent of voting shares in the Company have (has) the right to demand a review of the Company's financial and economic activity.
- 8.9 Shareholders (a shareholder) holding a total of at least 25 percent of voting shares in the Company have (has) the right to access to accounting documents and minutes of sessions of the Company's Management Board and to obtain copies thereof.
- 8.10 Shareholders holding common shares in the Company have other rights provided by the effective legislation of the Russian Federation, issued within their authority, and herein.
- 8.11 Each shareholder holding common shares in the Company must:
 - inform the registrar of the Company of any change of its details; and
 - keep confidential information about the Company's activity.
- 8.12 Shareholders – holders of the Company's ordinary shares have other obligations provided by the effective legislation of the Russian Federation and this Charter.

9. RIGHTS AND DUTIES OF SHAREHOLDERS HOLDING TYPE A PREFERRED SHARES

- 9.1 Each Type A preferred share in the Company confers upon the shareholder holding it an identical volume of rights.
- 9.2 Holders of Type A preferred shares have the right to receive an annual fixed dividend, subject as herein. The total amount payable as a dividend on each Type A preferred share shall be 10 percent of the Company's net profits according to the results of the last financial year divided by the number of placed A type preferred shares.

If the amount of dividend payable by the Company on each common share in a given year exceeds the amount of dividend payable on each Type A preferred share the amount of dividend on the latter must be increased to the amount of dividend payable on common shares. These payments shall be made additionally on the date of payment of dividends on common shares.

- 9.3 Holders of Type A preferred shares have the right to participate in the General Meeting of Shareholders with the right to vote on resolutions concerning the re-organization or liquidation of the Company and also concerning addenda and amendments to the Company Charter, if such amendments restrict the rights of such shareholders.
- 9.4 If the Meeting of Shareholders, for whatever reason, has not adopted a resolution to pay dividends on Type A preferred shares or has adopted a resolution not to pay those dividends in full, holders of Type A preferred shares have the right to participate in the General Meeting of Shareholders and vote on all matters on the agenda of the meeting. Such right of holders of Type A preferred shares arises as of the meeting following the annual Meeting of Shareholders at which a resolution was not adopted to pay dividends and ceases to apply as of the first payment of dividends in full with respect to such shares.
- 9.5 Holders of Type A preferred shares have the rights of holders of common shares of the Company provided in Clauses 8.2.3, 8.2.4, 8.2.5, 8.2.6, 8.2.7, 8.2.8, 8.2.10, 8.2.11, and 8.2.12 herein. Shareholders holding Type A preferred shares also have such rights notwithstanding that such shares are not voting shares.
- 9.6 Holders of Type A preferred shares have the rights of holders of common shares of the Company provided in Clauses 8.3, 8.6, 8.7, 8.8 and 8.9 herein in cases where Type A preferred shares confer the right to vote on all matters within the authority of the Company's General Meeting of Shareholders.
- 9.7 Holders of Type A preferred shares have the right to demand that the Company repurchase all or a part of the shares belonging to the shareholder in the cases and through the procedure provided by effective legislation of the Russian Federation.
- 9.8 Holders of Type A preferred shares that have at least 1 percent of votes at the General Meeting of Shareholders have the right to demand that the Company provides the list of persons entitled to participate in the meeting. The details of documents and postal addresses of shareholders included in such list shall be provided only upon their consent.
- 9.9 Shareholders holding Type A preferred shares shall have other rights provided by effective legislation of the Russian Federation and herein.
- 9.10 Each shareholder holding Type A preferred shares must:
 - inform the registrar of the Company of any change of its details; and
 - keep confidential information about the Company's activity.
- 9.11 Shareholders – holders of the Company's A type preferred shares have other obligations provided by the effective legislation of the Russian Federation and this Charter.

10. COMPANY FUNDS

- 10.1 A reserve fund shall be created within the Company in the amount of 5 percent of the Company's charter capital.

The Company's reserve fund shall be formed through mandatory annual deductions of at least 5 percent of the Company's net profits until such time as the fund reaches the size established in this Clause.

The reserve fund is created for the purposes of covering the Company's losses, redeeming Company's bonds and repurchasing shares of the Company in the event that other funds are not available.

The reserve fund may not be used for other purposes.

- 10.2 Pursuant to a resolution of the General Meeting of Shareholders on the matter provided in sub-clause 13 of Clause 13.2 herein other funds within the Company may be created, including a Shareholding Fund for Company employees.

Funds of the Shareholding Fund shall be used only to acquire shares of the Company sold by the shareholders of the Company for subsequent placement among the Company's employees.

Proceeds from the sale to Company's employees of shares acquired using funds from the Shareholding Fund, shall be contributed to such fund.

The procedure for contributing and using monies of the fund and its purpose shall be determined in the Regulation on the Shareholding Fund, to be approved by the Company's Board of Directors.

11. COMPANY DIVIDENDS

- 11.1 **The Company shall have the right once in a year to make decision (announce) on payment of dividends on outstanding stock as of the end of the first quarter, first half, nine months of the fiscal year, and (or) as of the end of the fiscal year.**

The decision regarding payment (declaration) of dividends as of the end of the first quarter, first half, and nine months of the fiscal year may be made during three months after the end of the respective period.

The source of dividends payment shall be Company after-tax profit (Company net profit). Company net profit shall be determined on the basis of the Company financial statements. Dividends on preferred stock may also be paid on account of the Company dedicated funds previously set up for this purpose. In case of Company reorganization by way of affiliating other companies Company net profit shall be determined by means of summing up its net profit and net profits (losses) of the affiliated companies calculated in accordance with the relevant accounting regulatory acts and stated in profit and loss accounts of the affiliated as of the last reporting (reorganization) date.

The decision on payment of dividends, rate of dividend and the form of its payment on each category (type) of shares shall be made at the general shareholders'

meeting. The dividends rate shall not exceed the rate recommended by the Company board of directors.

The list of persons entitled to receive dividends shall be compiled as of the date of compiling a list of persons entitled to participate in the general shareholders' meeting at which the respective dividend payment decision is made. For compiling a list of persons entitled to receive dividends, the nominee shareholder shall provide data on persons on whose behalf it is holding the shares. *(The suggestion of the Corporate Governance Committee and Red Hand)*

- 11.2 Dividends on preferred stock shall be paid within 60 days after making the decision on dividends payment, unless a shorter period is contemplated by the decision of the general shareholders' meeting. *(The suggestion of the Corporate Governance Committee and Red Hand)*
- 11.2 Dividends on preferred stock shall be paid by the Company within the term established by the decision of the general shareholders' meeting regarding payment of the Company dividends. The said term shall be established within 60 days after making the decision on dividends payment. *(The suggestion of Lindsell)*
- 11.3. Annual dividends on ordinary shares shall be paid before December 31 of the fiscal year in which the annual dividends payment decision is made, unless a shorter period is established by the decision of the annual general shareholders' meeting.

Dividends on ordinary shares set as of the end of the first quarter, first half, or nine months of the fiscal year shall be paid within 60 days after making the dividend payment decision, unless a shorter period is established by the decision of the general shareholders' meeting. *(The suggestion of the Corporate Governance Committee and Red Hand)*
- 11.3 Dividends on ordinary stock shall be paid by the Company in term determined by the decision of General meeting of shareholders on payout of the dividends by the Company but not later than within 60 days after the decision on payout was made. *(The suggestion of Lindsell)*
- 11.4 When adopting resolutions to distribute (declare) dividends the Company shall be governed by restrictions established by federal laws.

12. COMPANY REGISTER OF SHAREHOLDERS. COMPANY REGISTRAR.

- 12.1 The Company shall ensure that the Company's register of shareholders is maintained and stored in accordance with requirements established by effective legislation of the Russian Federation and other legal acts of the Russian Federation.
- 12.2 The holder of the Company's register of shareholders shall be a specialized registrar engaged in the activity of maintaining registers of shareholders as its sole activity and holding a license of duly form to engage in that activity.

The Company's registrar, the terms of the agreement with it and termination thereof shall be approved by a resolution of the Company's Board of Directors.

- 12.3 The Company will remain liable for the maintenance and safekeeping of the register of shareholders. In the event that unlawful actions of the registrar infringe the civil rights of a shareholder or nominal holder, such shareholder or nominal holder has the right through the procedure established by effective legislation of the Russian Federation to bring an action against the Company demanding restitution of its infringed civil rights, including compensation of losses.
- 12.4 The Company's registrar shall perform the functions of the Company's Counting Board: the Company's registrar shall verify the authorities of and register persons participating in the Company's General Meeting of Shareholders, determine whether there is a quorum for the General Meeting of Shareholders, clarify matters arising in connection with the exercise of voting rights at the General Meeting of Shareholders by shareholders (their representatives), clarify the procedure for voting on matters put for voting, ensure that the established voting procedure and rights of shareholders to participate in the voting are observed, count votes and finalize the results of voting, compile minutes on the results of voting and transfer ballots to the archive.

13. GENERAL MEETING OF SHAREHOLDERS

- 13.1 The General Meeting of Shareholders is the Company's highest management body.
- 13.2 The following matters lie within the authority of the General Meeting of Shareholders and may not be referred for resolution to the Company's Board of Directors, General Director or Management Board:
- 1) introduction of amendments and addenda hereto or approval of a new version of the Company Charter (subject as provided in the Federal Law 'On Joint Stock Companies'), resolutions on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
 - 2) reorganization of the Company, a resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
 - 3) liquidation of the Company, appointment of the liquidation commission and approval of the interim and final liquidation balance sheets, resolutions on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
 - 4) election of members of the Board of Directors, to be conducted by cumulative voting;
 - 5) early termination of the authority of members of the Board of Directors, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;

- 6) determination of the quantity, nominal value and category (type) of declared shares of the Company and rights to be conferred by such shares, resolutions on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
- 7) increase of the Company's charter capital by increasing the nominal value of shares, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 8) increase of the Company's charter capital by placement of additional shares through open subscription in the event that the number of additionally placed shares comprises more than 25 percent of common shares previously placed by the Company, a resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
- 9) increase of the Company's charter capital through placement of additional shares by closed subscription, a resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
- 10) reduction of the Company's charter capital by reducing the nominal value of shares, through acquisition by the Company of a part of shares in order to reduce their total number and also through redemption of shares acquired or repurchased by the Company, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company and taking part in the meeting;
- 11) election of members of the Company's internal audit commission and early termination of their authority, resolutions on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 12) approval of the Company's auditor, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 13) **adoption of the Company annual accounts and annual financial statements, including Company profit and loss accounts (income statements), as well as distribution of Company profits, including payment (declaration) of dividends (but with the exclusion of the profit distributed as dividends as of the end of the first quarter, first half, or nine months of a fiscal year), and Company losses as of the end of a fiscal year as decided by the majority of shareholders – holders of Company voting shares – entitled to participate in the meeting; (The suggestion of the Corporate Governance Committee (Article 48, clause 1 of the Federal Law "On Joint-Stock Companies"))**

13 (1) payment (declaration) of dividends as of the end of the first quarter, first half, or nine months of a fiscal year as decided by the majority of shareholders – holders of

Company voting shares – entitled to participate in the meeting (The suggestion of the Corporate Governance Committee (Article 48, clause 1, sub-clause 10.1 of the Federal Law "On Joint-Stock Companies");

- 14) determination of the procedure for conducting the Company's General Meeting of Shareholders, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 15) split-up and consolidation of shares, resolutions on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 16) adoption of resolutions approving interested party transactions, resolutions on which must be adopted in circumstances and through the procedures provided by Chapter 11 of the Federal Law 'On Joint Stock Companies';
- 17) adoption of resolutions approving major transactions connected with the Company's direct or indirect acquisition, disposal or possible disposal of assets worth more than 50 percent of the balance-sheet value of the Company's assets determined according to the accounts as on the last reporting date, subject to transactions conducted in the ordinary course of business of the Company, transactions connected with placement of common shares of the Company and transactions connected with the placement of mass-issued securities convertible into common shares of the Company, a resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
- 18) **The decision on participating in financial industrial groups, associations and other amalgamations of commercial organizations made by the majority of shareholders – holders of Company voting shares – entitled to participate in the meeting;** (The suggestion of the Corporate Governance Committee (Article 48, clause 1 of the Federal Law "On Joint-Stock Companies")
- 19) approval of internal documents regulating the activity of the Company's bodies, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 20) placement by the Company of bonds convertible into shares and other mass-issued securities convertible into shares, if such bonds (other mass-issued securities) are placed through closed subscription or through open subscription where, in the process of open subscription, convertible bonds (other mass-issued securities) may be converted into common shares of the Company comprising more than 25 percent of previously placed common shares, a resolution on which must be adopted by at least three quarters of votes of shareholders holding voting shares of the Company participating in the meeting;
- 21) adoption of resolutions on the compensation by the Company of expenses incurred in connection with the preparation for and conduction of an extraordinary General Meeting of Shareholders of the Company where the Board

of Directors has, in violation of requirements of effective legislation of the Russian Federation, failed to adopt a resolution to convene an extraordinary General Meeting and the meeting has been convened by other persons. Such resolutions must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;

- 22) adoption of a resolution to transfer the authority of the Company's General Director to a management company or manager, a resolution on which must be adopted by a majority of votes of shareholders holding voting shares of the Company participating in the meeting;
- 23) adoption of resolutions on other matters as provided in the Federal Law 'On Joint Stock Companies' and herein.

- 13.3 The General Meeting of Shareholders has the right to adopt resolutions on matters specified in sub-clauses 2, 7, 8, 9, 15 – 19 and 23 of Clause 13.2 herein only upon a proposal from the Board of Directors. Other persons entitled under effective legislation of the Russian Federation to propose items for the agenda of an annual or extraordinary General Meeting of Shareholders may not demand that the Board of Directors put such items on the agenda of a meeting.

The General Meeting of Shareholders may not consider or adopt resolutions on matters not included in its authority pursuant to the Federal Law 'On Joint Stock Companies'

The General Meeting may not adopt resolutions on matters not included in the agenda, nor may it amend the agenda.

- 13.4 A resolution of the General Meeting of Shareholders amending or restricting the rights of shareholders holding a particular type of preferred share of the Company will be deemed adopted, if at least three quarters of votes of shareholders holding common shares of the Company participating in the meeting and three quarters of votes of all shareholders holding preferred shares of the Company of such type are cast for it.
- 13.5 The Company must each year hold an Annual General Meeting of Shareholders.

The Annual General Meeting of Shareholders shall be held not earlier than four months and no later than six months after the end of the financial year.

At the Annual General Meeting of Shareholders [the following] matters must be resolved:

election of the Company's Board of Directors;

election of the Company's internal audit commission;

approval of the Company's auditor;

approval of the Company's annual reports and annual accounts, including the Company's profit and loss reports (profit and loss accounts) and distribution of profit, including distribution (declaration) of dividends and Company losses according to the results of the financial year;

other matters within the authority of the General Meeting of Shareholders.

- 13.6 Shareholders (a shareholder) holding a total of at least 2 percent of voting shares of the Company may put items on the agenda of the Annual General Meeting of Shareholders and nominate candidates for the Company's Board of Directors and the Company's internal audit commission the number of which may not exceed the number of members of the relevant body provided herein. Such proposals must be submitted to the Company not later than 60 days after the end of the financial year.

- 13.7 General Meetings of Shareholders other than the Annual General Meeting of Shareholders are extraordinary.

An extraordinary General Meeting of Shareholders shall be held pursuant to a resolution of the Board of Directors, adopted at its own initiative or pursuant to a request from the Company's internal audit commission, the Company's auditor or shareholders (a shareholder) holding a total of at least 10 percent of voting shares of the Company on the date that such request is presented. An extraordinary General Meeting of Shareholders held pursuant to a request of the Company's internal audit commission, the Company's auditor or shareholders (a shareholder) holding a total of at least 10 percent of voting shares of the Company shall be convened by the Company's Board of Directors.

- 13.8 An extraordinary General Meeting of Shareholders convened pursuant to a request from the Company's internal audit commission, the Company's auditor or shareholders (a shareholder) holding a total of at least 10 percent of voting shares of the Company must be held within 40 days from the moment the requested for an extraordinary General Meeting of Shareholders is presented.

- 13.9 An extraordinary General Meeting of Shareholders convened pursuant to a request from the Company's internal audit commission, the Company's auditor or shareholders (a shareholder) holding a total of at least 10 percent of voting shares of the Company must be held within 70 days from the moment the request for an extraordinary General Meeting of Shareholders is presented, if the agenda of such meeting includes election of the Company's Board of Directors.

In the event that the number of members of the Company's Board of Directors falls below the quorum for conducting sessions of the Company's Board of Directors, an extraordinary General Meeting of Shareholders convened pursuant to a resolution of the Company's Board of Directors adopted at its own initiative to elect the Company's Board of Directors must be held within 70 days from the moment the Company's Board of Directors adopts the resolution to hold the meeting.

- 13.10 In preparing for an extraordinary General Meeting of Shareholders the agenda of which includes election of the Company's Board of Directors, shareholders (a shareholder) holding a total of at least 2 percent of voting shares of the Company may nominate candidates for the Company's Board of Directors the number of which must not exceed the number of members of the Board of Directors provided herein. Such proposals must be submitted to the Company no later than 30 days before the date of the extraordinary General Meeting of Shareholders.

- 13.11 **The list of persons entitled to participate in the general shareholders' meeting shall be compiled on the basis of the Company shareholders' register.**

The date of compiling the list of persons entitled to participate in the general shareholders' meeting shall be established not in advance of the date of making the decision on holding the general shareholders' meeting, and shall be within 50 days, however at least 35 days prior to the date of meeting.

The date of compiling the list of persons entitled to participate in the extraordinary shareholders' meeting which agenda contains the issue of election of the Company Board of Directors shall be established not in advance of the date of making the decision on holding the extraordinary shareholders' meeting, and shall be within 65 days, however not beyond the date of convening the extraordinary shareholders' meeting. *(The suggestion of the Corporate Governance Committee (Article 51, clause 1 of the Federal Law "On Joint-Stock Companies"))*

- 13.12 **A call for the general shareholders' meeting shall be issued no later than 30 days prior to the date of the meeting, except where an extraordinary shareholders' meeting shall be held within 40 days after submitting the demand for its holding (after making the decision on its holding), and the call for the meeting shall be issued no later than 20 days prior to the date of the meeting.**

Within the fixed term, notice of the general shareholders' meeting shall be sent to each person noted on the list of persons entitled to participate in the general shareholders' meeting by a registered letter or shall to each of the said persons against signature, or shall be published in the Russian Newspaper [Rossiyskaya Gazeta]. *(The suggestion of the Corporate Governance Committee (Article 52, clause 1 of the Federal Law "On Joint-Stock Companies"))*

- 13.13 **Persons entitled to participate in the General Meeting of Shareholders shall be provided with the following information (materials) through the procedure and at the address (addresses) specified in the notice of the General Meeting of Shareholders:**

annual accounts, including auditor's statement;

statement of the Company's internal audit commission on the results of the audit of the annual accounts;

information on candidates nominated to the Company's Board of Directors and the Company's internal audit commission;

draft amendments and addenda to the Company Charter or the draft of a new version of the Charter;

drafts of internal regulations of the Company;

drafts of other documents adoption of which is stipulated in draft resolutions of the General Meeting of Shareholders;

draft resolutions of the General Meeting of Shareholders;

other information (materials) that must be presented in accordance with effective legislation;

other information (materials) presented in order to adopt resolutions on items of the agenda of the General Meeting of Shareholders that the Board of Directors has included in the list of information (materials) to be presented to shareholders in preparation for the General Meeting of Shareholders.

- 13.14 The General Meeting of Shareholders will be competent (quorate), if shareholders holding a total of more than half the votes conferred by placed voting shares of the Company participate in it.

Shareholders registered for participation in the General Meeting of Shareholders and shareholders whose ballots have been received no later than 2 days before the date of the General Meeting of Shareholders will be deemed to have participated in the General Meeting of Shareholders. Shareholders whose ballots have been received prior to the date of acceptance of ballots will be deemed to have participated in the General Meeting of Shareholders held through *in absentia* voting.

- 13.15 If the agenda of a General Meeting of Shareholders includes matters upon which different groups of voters are to vote, the quorum for adoption of resolutions on each of such matters will be determined separately. If there is no quorum for adopting a resolution on matters to be voted upon by one group of voters, this will not impede adoption of a resolution on matters to be voted upon by another group of voters for which there is a quorum.

- 13.16 If there is no quorum for the conduction of an annual General Meeting of Shareholders a repeat annual General Meeting of Shareholders must be held with the same agenda. If there is no quorum for the conduction of an extraordinary General Meeting of Shareholders a repeat extraordinary General Meeting of Shareholders may be held with the same agenda.

A repeat General Meeting of Shareholders will be competent (quorate), if shareholders holding a total of at least 30 percent of votes conferred by placed voting shares of the Company participated in it.

Notice of a repeat General Meeting of Shareholders shall be given and ballots delivered no later than 20 days before the date of the repeat General Meeting of Shareholders.

Notice of a repeat General Meeting of Shareholders the agenda of which includes reorganization of the Company shall be given no later than 30 days before the date of the repeat General Meeting of Shareholders.

In the event that a repeat General Meeting of Shareholders is held less than 40 days after date of the non-quorate General Meeting of Shareholders, the persons entitled to participate in the General Meeting of Shareholders shall be determined according to the list of persons entitled to participate in the non-quorate General Meeting of Shareholders.

- 13.17 Unless otherwise resolved by the Company's Board of Directors, the General Meeting of Shareholders shall be chaired by the person performing the functions of the Company's General Director.

- 13.18 Other matters connected with preparation for and conduction of the annual or extraordinary General Meetings of Shareholders, including the procedure for conducting

the General Meeting of Shareholders, shall be determined by the Regulations on the General Meeting of Shareholders of the Company, to be approved by the General Meeting of Shareholders.

14. COMPANY'S BOARD OF DIRECTORS

- 14.1 The Board of Directors is the Company's collective management body and carries out general management of the Company's activities.
- 14.2 The 11 members of the Company's Board of Directors are elected each year by the annual General Meeting of Shareholders, by cumulative voting.
- 14.3 The General Meeting of Shareholders has the right to adopt a resolution to early terminate the authority of members of the Board of Directors. Such a resolution may be adopted only in respect of all members of the Board of Directors simultaneously.

In the event of early termination of the authority of the Board of Directors the authority of the new Board of Directors will remain in effect until the nearest Annual General Meeting of Shareholders.

- 14.4 The following matters will be referred to the authority of the Company's Board of Directors:
 - 1) determination of priority directions of the activity of the Company, including approval of the annual budget, mid- and long-term budgets, development strategies and programs; amendment to such documents and consideration of the results of their implementation;
 - 2) prior approval of operations outside the limits of the annual budget of the Company;
 - 3) convocation of annual and extraordinary General Meetings of Shareholders, subject to circumstances provided in Article 55.8 of the Federal Law 'On Joint Stock Companies';
 - 4) approval of the agenda for the General Meeting of Shareholders;
 - 5) determination of the date of compilation of the list of persons entitled to participate in the General Meeting of Shareholders and other matters within the competence of the Company's Board of Directors under Chapter VII of the Federal Law 'On Joint Stock Companies' and connected with preparation for and conduction of the General Meeting of Shareholders;
 - 6) preliminary approval of the Company's annual report;
 - 7) an increase of the Company's charter capital by placement by the Company of additional shares within the limits of the number of declared shares determined herein, subject to circumstances provided in sub-clauses 8 and 9 of Clause 13.2 herein;
 - 8) placement by the Company of bonds and other mass-issued securities in the event such bonds and other mass-issued securities are not convertible into shares of the Company under the terms of the their placement;

- 9) placement by the Company of bonds convertible into shares and other mass-issued securities convertible into shares, if such bonds (mass-issued securities) are placed through open subscription and such convertible bonds (mass-issued securities) may be converted into common shares of the Company comprising 25 percent or less of the previously placed common shares;
- 10) determination of the price (market value) of assets, placement and repurchase price of mass-issued securities under circumstances provided by the Federal Law 'On Joint Stock Companies';
- 11) **the adoption of decisions on the issue of securities, prospectuses, acquisition reports aimed at the redemption of Company securities, placement reports, reports on shareholders' placing of demands for redemption of their shares;** (*The suggestion of the Corporate Governance Committee (clause 2.6.2 of the Standards for issue of securities and registration of prospectuses enforced by Order No. 05-4/pz-n dated March 16, 2005, clause 3 of Article 12, clause 4 of Article 76 of the Federal Law "On Joint-Stock Companies")*)
- 12) acquisition of shares, bonds and other mass-issued securities placed by the Company;
- 13) approval of the Company's registrar and the terms of the agreement with it and adoption of a resolution to terminate such agreement;
- 14) **recommendations on distribution of profit, including the rate of dividend on Company shares and the order of its payment, as well as Company losses at the end of a fiscal year;** (*The suggestion of the Corporate Governance Committee (clause 3.2 of the Resolution on additional requirements to the order of preparation, convening and holding of a general shareholders' meeting enforced by Regulation No. 17/ps of the RF FCSM dated May 31, 2002)*)
- 15) use of the reserve fund and other of funds of the Company;
- 16) approval of an internal document setting forth internal control procedures to supervise financial and business activities of the Company;
- 17) recommendations on the amount of remuneration and compensation payable to members of the Company's internal audit commission and approval of the terms of the audit services provision agreement with the Company's auditor, including determination of fees payable for audit services;
- 18) approval of Regulations on the structural subdivision of the Company implementing internal supervisory functions, preliminary agreeing of candidates for the position of manager of such subdivision, dismissal of the mentioned person on the Company's initiative and also consideration of other matters within the authority of the Board of Directors pursuant to Regulations on the subdivision;
- 19) **the preliminary approval of a deal or several associated transactions connected with acquisition, disposal, or a potential disposal by the Company, directly or indirectly, of its property worth 1 to 25 per cent of the Company assets book value estimated on the basis of its financial statements as of the last reporting date;** (*The suggestion of the Corporate Governance Committee (Wording extension*

for ensuring the opportunity to also consider associated transactions within the specified boundaries. Extended is the lower limit of property value being the subject of a transaction.)

- 20) approval of transactions the subject of which is the Company's direct or indirect acquisition, disposal or possible disposal of assets worth 25-50 percent of the balance-sheet value of the Company's assets determined according to accounts as on the last reporting date, subject to transactions conducted in the ordinary course of business of the Company, transactions connected with placement through subscription of common shares of the Company and transactions connected with the placement of mass-issued securities convertible into common shares of the Company;
- 21) approval of interested party transactions, under circumstances and through the procedures provided by Chapter 11 of the Federal Law 'On Joint Stock Companies';
- 22) definition (change) of functional blocks of the organizational structure and main functions of subdivisions included into the functional blocks of the Company's organizational structure and subordinated directly to General Director and Deputies of General Director (excluding structures of the Company's branches and representative offices);
- 23) establishment of branch offices and opening of representative offices, liquidation thereof and approval of the Regulations on branch and representative offices;
- 24) preliminary approval of candidates for the position of heads of branch and representative offices and dismissal of mentioned persons on the Company's initiative;
- 25) ~~the approval of annual budgets, strategies, and branching programs, insertion of amendments in the said documents, assessment of their fulfillment;~~ *(shall be excluded. The suggestion of the Corporate Governance Committee);*
- 26) **the appointment of a sole executive body (CEO), determination of the term of its powers, and early termination of its powers and the respective labor contract;** *(The suggestion of the Corporate Governance Committee (Article 278, clause 2 of the RF Labor Code))*
- 27) election (re-election) of the Chairman of the Company's Board of Directors and his deputy;
- 28) formation of the collective executive body (Management Board), determination of the term of its authorities, appointment of members of the Management Board and early termination of their authorities;
- 29) permitting the person performing the functions of Company's General Director and members of the Company's Management Board to combine [these functions] with positions in the management bodies of other organizations;
- 30) permitting the person performing the functions of Company's General Director to work pluralistically in a paid position in other organizations;
- 31) establishment of permanent or temporary (to address specific matters) committees of the Board of Directors and approval of the Regulations on the committees;

- 32) appointment of the Company Corporate Secretary, relieving the Company Corporate Secretary of his duty and approval of the Regulations On the Office of the Company Corporate Secretary;
- 33) approval of the terms of the agreements (supplementary agreements) with the Company's General Director, members of the Management Board, the heads of branch and representative offices, the head of the Company's structural subdivision performing internal supervisory functions and the Company Corporate Secretary and consideration of matters within the authority of the Board of Directors pursuant to such agreements;
- 34) **the adoption of decisions on Company participation in other commercial organizations (joining as a participant, termination of participation, changing the size of the participatory interest, nominal value of the participation interest, changing the quantity of shares or nominal value of shares held by the Company);** *The suggestion of the Corporate Governance Committee (The methods of participating in commercial organizations listed in the present edition do not cover all mentioned participation options (e.g. changing the nominal value of interests/shares))*
- 35) adoption of resolutions to participate in non-commercial organizations, subject as provided in sub-clause 18 of Clause 13.2 herein, through acting as a participant, terminating participation and making additional investments (contributions) connected with the Company's participation in non-commercial organizations;
- 36) **making suggestions (including candidates to the governance and control bodies) and the resolution of issues referred to the competence of the general meetings of participants of commercial organizations which include the Company as their only participant having the voting right at the general participants' meeting;** *(The suggestion of Lindsell and Red Hand)*
- 37) ~~the determination of the procedures of the Company interaction with organizations in which the Company participates;~~ *(shall be excluded. The suggestion of the Corporate Governance Committee (a completely uncalled regulation))*
- 37) **the adoption of the procedures of the Company interaction with organizations in which the Company has shares and participatory interests, making decisions in accordance with the above;** *(The suggestion of Lindsell and Red Hand)*
- 38) **determination of the Company (Company representatives') position, including the instruction on taking or refraining from taking part in the vote on the agenda issues, voting draft decisions "pro", "con", or "abstained" regarding the following issues included in the agendas of general shareholders' (participants') meetings of subsidiary and affiliated business entities (hereinafter "affiliates") (except where the functions of general shareholders' meetings of affiliates are performed by the Company Board of Directors), and meetings of affiliates' boards of directors (with the exception of the issue of agenda approval for general shareholders' meetings of affiliates, where the functions of general shareholders' meetings are performed by the Company Board of Directors),**

specifically, for the purpose of exercising by the Company of control over the decisions made by subsidiary and affiliated companies with regard to an affiliate:

- a) formulating the agenda for general shareholders' (participants') meetings of an affiliate;**
 - b) reorganization, liquidation of affiliates;**
 - c) setting up the quantitative composition of an affiliate's board of directors, nomination and election of its members and early termination of their powers;**
 - d) determining the quantity, nominal value, category (type) of an affiliate's authorized shares and rights attached to the same;**
 - e) expansion of an affiliate's capital stock through increasing the nominal value of shares or floating additional shares;**
 - f) flotation of an affiliate's securities convertible into ordinary shares;**
 - g) split-up, consolidation of an affiliate's shares;**
 - h) approval of major transactions consummated by an affiliate;**
 - i) participation by an affiliate in other organizations (joining an existing organization or establishing a new organization);** *(The suggestion of Lindsell and Red Hand)*
- 38) approval of internal documents (a document) setting forth rules and approaches to disclosure of information about the Company, arrangements for making use of information about the Company, about securities of the Company and deals involving them which is not in public domain;
- 39) approval of the Code of Corporate Governance of the Company, making amendments and additions to it;
- 40) approval of the Company's internal documents regulating matters within the authority of the Company's Board of Directors, other than those provided in Clause 14.4 herein, subject to internal documents the approval of which lies within the authority of the Company's General Meeting of Shareholders and executive bodies pursuant to the Company's Charter;
- 41) other matters as provided by the Federal Law 'On Joint Stock Companies' and herein;
- 42) approval of the risk management procedure in the Company;
- 43) preliminary approval of outsourced specialists engagement on refundable basis in the Company's activities audit carried out by the Audit Commission;
- definition of payment procedure and other terms and conditions of participation of outsourced specialists engaged on refundable basis in the audit carried out by the Audit Commission
- 14.5 Matters within the authority of the Company's Board of Directors may not be referred for resolution to the Company's Management Board or General Director.

- 14.6 Resolutions on matters specified in sub-clauses 7, 9² and 20 of Clause 14.4 herein shall be adopted unanimously by all members of the Company's Board of Directors without regard the votes of former members of the Company's Board of Directors.

In the event that unanimity of the Company's Board of Directors on matter specified in sub-clauses 20 of Clause 14.4 herein is not reached, such matter may be referred for resolution to the General Meeting of Shareholders pursuant to a decision of the Company's Board of Directors. In such an event decision on such matter shall be adopted by a majority of shareholders holding voting shares of the Company participating in the meeting.

Resolutions on matters specified in item 21 subclause 14.4 herein shall be passed by a majority of votes of independent directors who are interested in the closing of the deal.

In the event that all members of the Company's Board of Directors are interested in the deal and/or are not independent directors, the deal may be approved by a resolution of the general meeting of shareholders by a majority of votes of all not interested in the deal shareholders owning voting shares.

- 14.7 Matters, other than those listed in Clause 14.6 herein, within the authority of the Board of Directors pursuant the Federal Law 'On Joint Stock Companies' and this Charter shall be adopted by a majority of votes of members of the Board of Directors participating in the session.
- 14.8 In order to put the issue provided in subclause 19, Clause 14.4 of the Charter for consideration of the Board of Directors, cost of acquired or alienated property (works, services) shall be compared with the book cost of the Company's assets:
- when acquiring property – acquisition cost adjusted for VAT and other indirect taxes and duties;
 - when there is a possibility of property alienation or alienating property – alienation cost determined by parties in contract without VAT and other indirect taxes and duties, or book cost of property – depending on which of these values is the higher.
- 14.9 The procedure for convening and holding sessions of the Board of Directors and the amount and procedure of payment of fees and compensation to members of the Board of Directors shall be determined by the Regulation On the Board of Directors, to be approved by the General Meeting of Shareholders.
- 14.10 Sessions of the Company's Board of Directors shall be convened by the Chairman of the Board of Directors at his own initiative or pursuant to a request of a member of the Board of Directors, the Company's internal audit commission, the Company's auditor, the Company's General Director, the Company's Management Board or shareholders (a shareholder) holding a total of at least 5 percent of voting shares of the Company.
- 14.11 The quorum for sessions of the Company's Board of Directors shall be more than half of the members elected to the Board of Directors.

- 14.12 Sessions of the Board of Directors may be held through joint attendance (including by conference call) or *in absentia* voting.
- 14.13 In determining whether there is a quorum and the results of voting at a session of the Board of Directors held through joint attendance the written opinion of a member of the Company's Board of Directors absent at the session shall be taken into account.
- 14.14 In adopting resolutions at a session of the Board of Directors each member of the Board of Directors shall have one vote. In adopting a resolution of the Board of directors the Chairman of the Board of Directors shall have a deciding vote in the event of a tied vote of members of the Board of Directors.
- 14.15 The Chairman of the Company's Board of Directors shall organize the work of the Board of Directors, convene and chair its sessions, organize the keeping of minutes at sessions and ensure that effective functioning of the committees of the Board of Directors.
- 14.16 The Board of Directors may appoint a Deputy Chairman of the Board of Directors. In the absence of the Chairman of the Company's Board of Directors his functions (including the right to sign documents) shall be performed by his deputy and, in the absence of the latter is - by one of the members of the Board of Directors pursuant to a resolution of the Company's Board of Directors, adopted by a majority of votes of members participating in the session.

15. COMPANY'S MANAGEMENT BOARD

- 15.1 The Management Board is the collective executive body organizing the implementation of resolutions of the Company's General Meeting of Shareholders and Board of Directors.
- 15.2 The number of members and members of the Management Board shall be determined by a resolution of the Company's Board of Directors upon proposal from the General Director and members of the Company's Board of Directors.
- 15.3 The Management Board shall be constituted for a term to be determined by the Company's Board of Directors when appointing its members.

Pursuant to a resolution of the Company's Board of Directors the authority of any member (all members) of the Company's Management Board may be terminated early.

In the event that the authority of individual members of the Management Board are terminated early the authority of newly appointed members of the Management Board will remain effective within the term for which the Company's Management Board was constituted.

- 15.4 The following matters relating to management of the Company's day-to-day activities will be referred to the authority of the Company's Management Board:
 - 1) developing proposals relating to the principal directions of activity of the Company, including drafts of the annual budget, mid-term and long-term budgets, development strategies and programs for the Company and proposals relating to amendments to such documents;

- 2) resolving matters referred to the powers of the supreme governing bodies of not-for-profit organizations where the Company is the sole founder (member) except for not-for-profit organizations where the supreme governing body is formed without participation of the founder (member);
- 3) determining the Company's staff and social policy;
- 4) approving the internal document regulating the general provisions for working incentives and considering and adopting resolutions on conclusion of collective agreements and contracts;
- 5) preparing materials and draft resolutions on issues to be considered by the Board of Directors, excluding the issues provided in subclause 18⁴, 24⁵, 26⁶, 27⁷, 28⁸, 31⁹, 32¹⁰, 33¹¹, Clause 14.4, Article 14 of the Charter, and the issues initiated in correspondence with the Russian Federation legislation, the Company's Charter with specification of the particular deadlines for their consideration by the Board of Directors, making it impossible to preliminary discuss such issues at the Company's Management Board.

Preparation of materials to be discussed by the Board of Directors Committees, excluding the issues initiated by the persons authorized by the Regulations on Committees, which dispense with preliminary studying by the Company's Management Body (according to the opinion of the issue initiator) or the deadlines for consideration of which by the Board of Directors Committees do not allow them to be preliminary studied at the Company's Management Board;

- 6) organizational and technical support of the activities of the Company's bodies;
- 7) determining the technical, financial, economic and pricing policies of the Company and its branch offices;
- 8) determining accounting policy and supervising improvements to accounting and administrative methods and the adoption of international accounting standards for the Company and its branch offices;
- 9) determining the methods for planning, budgeting and financial control for the Company and its branch offices;
- 10) determining security policies for the Company and its branch offices;
- 11) determining the procedure for allocating assets to branch offices and withdrawal of allocated assets from branch offices;
- 12) determining the number of members of the collective executive bodies of branch offices, appointing them, terminating their authority early and approving the regulations on branch offices' collective executive bodies;
- 13) preliminary approval of candidates for the position of deputy heads and chief accountants of branches and representative offices and dismissal of the mentioned persons on the Company's initiative;

- 14) approving the terms of agreements (supplementary agreements) with members of branch offices' collective executive bodies and the deputy heads and chief accountants of branch and representative offices and considering matters within the authority of the Management Board pursuant to such agreements;
 - 15) **preliminary assessment of affiliates' budgets and the results of their implementation;** *(The suggestion of the Corporate Governance Committee)*
 - 16) analyzing the results of performance of the Company's structural subdivisions, including separate structural subdivisions, and developing binding instructions for improvement of their work;
 - 17) approving internal documents regulating matters within the authority of the Company's Management Board, subject to of documents to be approved by the Company's General Meeting of Shareholders or Board of Directors;
 - 18) approval (change) of the Company's organizational structure, including approval of the structural subdivisions main functions (excluding structure and functions of representative offices and structural subdivisions of the branches situated at the addresses other than the branches).
- 15.5 The Company's Management Board also has the right to adopt resolutions on other matters connected with the day-to-day management of the activities of the Company pursuant to the instructions from the Board of Directors or proposals from the Board of Directors Committees and the Company's General Director.
 - 15.6 The procedure for convening and holding sessions of the Management Board and also the procedure for adoption of resolutions by the Management Board shall be established by the Regulation On the Management Board of the Company, approved by the Company's General Meeting of Shareholders.
 - 15.7 The rights, duties and liability of members of the Management Board shall be determined in the agreement that each of them enters into with the Company.

Terms and conditions of the agreement shall provide for the right of a member of the Management Board to receive compensation for confirmed expenses connected with his performing the functions of the Management Board Member, and the right for remuneration, amount and payment procedure of which is specified by the internal documents of the Company approved by the Company's Board of Directors.

~~A contract entered into on behalf of the Company shall be executed by the Company CEO.~~ *(shall be excluded. The suggestion of the Corporate Governance Committee (Article 69, clause 3, paragraph 2 of the Federal Law "On Joint-Stock Companies")*

16. GENERAL DIRECTOR OF THE COMPANY

- 16.1 The General Director is the individual executive body managing the Company's day-to-day activities. The General Director shall be appointed by the Company's Board of Directors.

- 16.2 The General Director shall adopt resolutions on matters not referred to the authority of the Company's General Meeting of Shareholders, Board of Directors or Management Board pursuant to this Charter.
- 16.3 The General Director shall perform the functions of Chairman of the Company's Management Board.
- 16.4 The General Director shall act on behalf of the Company without a power of attorney, including representation of the interests of the Company, conclusion of transactions on behalf of the Company, approval of staff-lists and issue of orders and instructions binding upon all of the Company's employees.

The rights, duties, wages, and the responsibility of the CEO shall be as set forth in the contract entered into with the Company. **The CEO labor contract shall be concluded for the duration of its office as determined by the Company Board of Directors.** *(The suggestion of the Corporate Governance Committee (Article 275 of the RF Labor Code))*

The General Director shall be personally responsible for putting in place arrangements and creation of condition to protect state secrets in the Company, and for non-compliance with restrictions set forth by effective legislation on familiarizing with to information containing state secrets.

The General Director shall timely provide information to the Company according to requirements of applicable law, including notifications given to the Company in writing of his/her affiliation and changes therein, ownership of the Company securities, on intention to strike deals involving the Company securities or securities of its daughter (affiliated) companies, and disclose information on the deals involving such securities closed by him/her.

- 16.5 During the General Director's absence (illness, business trips, vacation etc.) the officer performing through the established procedure the duties of General Director shall have the right to issue power of attorneys on behalf of the Company.
- 16.6 The Company's Board of Directors may at any time adopt a resolution early terminating the authority of the Company's General Director and terminating the agreement with him.

17. COMPANY CORPORATE SECRETARY. OFFICE OF THE COMPANY CORPORATE SECRETARY.

- 17.1 Institution of Corporate Secretary is created in OJSC «CenterTelecom» in order to ensure that the bodies and officers of the Company comply with the rules and procedures of the corporate management, which guarantee implementation of the rights and interests of the Company's Shareholders; increase the effectiveness of the Board of Directors activities, cooperation of the Company with its shareholders and other participants of the corporate relations; increase of the transparency level of the Company.
- 17.2 The rights, duties, term of office, salary and liability of the Company Corporate Secretary shall be specified in internal documents of the Company and in the agreement between the

Company and the Company Corporate Secretary. The Chairman of the Board of Directors of the Company shall sign the agreement on behalf of the Company.

- 17.3 In order to ensure that the Corporate Secretary effectively performs his, Office of the Corporate Secretary is organized in the Company. The structure, number and duties of the staff of the office shall be specified in an internal document of the Company approved by the Board of Directors.

18. SUPERVISION OF COMPANY FINANCIAL AND ECONOMIC ACTIVITY

- 18.1 In order to supervise financial and economic activity an internal audit commission and a special structural subdivision implementing internal supervision shall be created within the Company and an independent auditor shall be engaged.
- 18.2 The internal audit commission is an independent supervisory body of the Company. Its seven members shall be elected at the annual General Meeting of Shareholders for the period up to the following Annual General Meeting of Shareholders.

- 18.2.1 The authority of individual members or the all members of the internal audit commission may be terminated early by a resolution of the General Meeting of Shareholders.

In the event of early termination of the authority of members of the internal audit commission the authority of the new members of the internal audit commission shall remain in effect until the next Annual General Meeting of Shareholders.

In the event that the number of members of the internal audit commission falls below half the number of elected members of the internal audit commission the Board of Directors must convene an extraordinary General Meeting of Shareholders to elect a new internal audit commission. The remaining members of the internal audit commission shall perform their functions until the new internal audit commission is elected at the extraordinary General Meeting of Shareholders.

- 18.2.2 The following matters are referred to the authority of the internal audit commission:
- verifying the accuracy of data in reports and other financial documents of the Company;
 - discovering breaches of procedures established by legal acts of the Russian Federation on maintaining accounts and presenting financial reports;
 - verifying the compliance with legal norms of the calculation and payment of taxes;
 - discovering infringements of legal acts of the Russian Federation in accordance with which the Company conducts its financial and economic activity;
 - assessing the economic feasibility of the Company's financial and economic operations.

- 18.2.3 The internal audit commission shall review the Company's financial and economic activity based on the Company's results for the year.

The Company's financial and economic activity shall also be reviewed:

at the initiative of the Company's internal audit commission;

pursuant to a resolution of the Company's General Meeting of Shareholders;

pursuant to a resolution of the Company's Board of Directors;

pursuant to a request of a shareholder (shareholders) of the Company holding a total of at least 10 percent of voting shares in the Company in respect of all matters within the authority of the General Meeting of Shareholders on the date that the request is presented.

- 18.2.4 Pursuant to a request of the internal audit commission, officers of the Company's management bodies must provide documents concerning the Company's financial and economic activity.

- 18.2.5 Working procedures for the internal audit commission and the amount and procedure for payment of the fees of members of the internal audit commission shall be determined in the Regulation On the Internal Audit Commission of the Company, to be approved by the General Meeting of Shareholders.

- 18.3 In order to ensure permanent internal supervision over performance of all economic operations a special structural subdivision shall be established within the Company that will be independent of the Company's executive bodies. The activity of such subdivision shall be under supervision of the Company's Board of Directors.

The functions of such structural subdivision, the procedure for performance of its activities and the procedure for appointing employees, requirements with respect to such employees shall be determined by an internal document approved by the Company's Board of Directors.

- 18.4 In order to verify and confirm the accuracy of the annual financial reports the Company shall each year engage a professional auditor, independent from any material interests connected with the Company or its shareholders.

- 18.4.1 The auditor shall audit the Company's financial and economic activity in accordance with legal acts of the Russian Federation on the basis of an agreement entered into with it.

- 18.4.2 The General Meeting of Shareholders shall approve the Company's auditor. The terms of the agreement to be entered into with the auditor, including the amount of fees payable for its services, shall be approved by the Company's Board of Directors.

- 18.4.3 The Company's activity must be audited at any time pursuant to a request of a shareholder with a total interest in the charter capital of 10 percent or more. Shareholders initiating an audit review shall submit to the Board of Directors a written request indicating the grounds of such request, the name of the

shareholders and the quantity and category (type) of shares belonging to such shareholders and bearing the signature of the shareholder or its authorized representative. If the demand is signed by an authorized representative, a copy of the power of attorney must be attached to it.

19. COMPANY RECORDS AND REPORTS. INFORMATION ABOUT THE COMPANY.

- 19.1 The Company shall maintain accounts and present financial reports through the procedure established by effective legislation of the Russian Federation.
- 19.2 The Company's financial year begins on 1 January and ends 31 December of the calendar year.
- 19.3 The Company's General Director will be liable for the organization, compilation and accuracy of accounts of the Company, the prompt filing of the annual report and other financial reports with the relevant bodies and also information on the Company's activities to be presented to shareholders, creditors and the mass media in accordance with effective legislation.
- 19.4 The accuracy of information contained in the Company's annual report and annual accounts shall be confirmed by the Company's internal audit commission.
- 19.5 The Company's annual report is subject to preliminary approval by the Company's Board of Directors no later than 30 days before the date of the Annual General Meeting of Shareholders.

The Company must provide shareholders with access to the documents listed in Article 89.1 of the Federal Law 'On Joint Stock Companies' through the procedure and within the deadlines specified in Article 91 of the Federal Law 'On Joint Stock Companies'.

The information provided in Article 92 of the Federal Law 'On Joint Stock Companies' shall be publicly available.

- 19.6 The Company shall organize storage of documents in accordance with Article 89 of the Federal Law 'On Joint Stock Companies'.

The Company shall store documents at the following address: Moscow, 6 Degtyarniy Pereulok, Building 2.

20. REORGANIZATION OF THE COMPANY

- 20.1 The Company may be voluntarily reorganized pursuant to a resolution of the General Meeting of Shareholders. Other grounds and procedures for reorganization the Company are determined by effective legislation of the Russian Federation.
- 20.2 The Company may be reorganized in the form of merger, takeover, division, spin-off or reformation into another organizational-legal form, through the procedure provided by the Federal Law 'On Joint Stock Companies'.

21. LIQUIDATION OF THE COMPANY

- 21.1 The Company may be voluntarily liquidated pursuant to a resolution of the General Meeting of Shareholders or pursuant to a court judgement, under circumstances and through the procedure provided by effective legislation.
- 21.2 Under circumstances provided in effective legislation of the Russian Federation the Company must adopt a resolution for its voluntary liquidation.
- 21.3 If in the event of the Company's voluntary liquidation, its assets are insufficient for settlements with all Company creditors, the Chairman of the Company's liquidation commission appointed by the General Meeting of Shareholders must apply to an arbitration court for the implementation of simplified bankruptcy procedures of a debtor in liquidation with respect to the Company.
- 21.4 Liquidation will entail termination of the Company's activity without rights or duties being transferred to other parties through legal succession.
In the event of reorganization, liquidation of the Company or termination of activities involving state secret information the Company shall ensure safety of the information and its medium through development and implementation of a system of confidentiality enforcement, information protection, measures to counter technical means of intelligence gathering, security and fire prevention.
- 21.5 In the event liquidation of the Company (subject to liquidation pursuant to a court judgement) the Meeting of Shareholders shall approve a liquidation commission, determine the procedure and period for liquidation and establish the deadline for presentation of creditors' demands, which may not be less than two months following the date that notice of the Company's liquidation is published.

Upon appointment of the liquidation commission all authority in managing the Company's affairs shall be transferred to it.
- 21.6 The liquidation commission shall:
- a) place notice of the Company's liquidation and the deadlines for presentation of creditors' demands in an appropriate body of the press;
 - b) undertake measures to identify creditors and obtain accounts receivable and notify creditors in writing of the Company's liquidation;
 - c) upon expiry of the period for presentation of creditors' demands, compile an interim liquidation balance sheet specifying the assets of the Company in liquidation, demands presented by creditors and the results of consideration thereof. The interim balance sheet shall be approved by the General Meeting of Shareholders upon agreement with the agency that conducted the state registration of the Company in liquidation;
 - d) in the event that the Company's monies are insufficient to settle creditors' demands, to sell other Company assets at public auction, through the procedure established for enforcement of court judgements;

- e) make monetary payments to Company creditors through the procedure and in the order of priority established by the Civil Code of the Russian Federation in accordance with the interim balance sheet starting on the date of its approval, with the exception of creditors of the fifth order of priority, payments to whom shall be made one month after the date of approval of the interim balance sheet;
- f) after completion of settlements with creditors the liquidation commission shall compile a liquidation balance sheet, to be approved by the General Meeting of Shareholders upon agreement with the agency that conducted the state registration of the Company in liquidation;
- g) through the established procedure, distribute Company assets remaining after settlements with creditors amongst shareholders, in the following order of priority:

as a first priority, payments shall be made with respect to shares that must be repurchased pursuant to Article 75 of the Federal Law 'On Joint Stock Companies';

as a second priority, payments of accrued but outstanding dividends on preferred shares and the liquidation value of Type A preferred shares as determined by the Company Charter shall be paid;

as a third priority, the assets of the Company in liquidation shall be distributed amongst shareholders holding common shares.

Assets shall be distributed to shareholders of each subsequent order of priority after assets have been distributed to shareholders of the preceding order of priority in full.

- 21.7 Liquidation of the Company will be deemed complete and the Company to have ceased to exist from the moment the state registration agency makes the relevant record in the Unified State Register of Legal Entities.