

APPROVED

by the Resolution of the General  
Shareholders Meeting of the Mobile  
TeleSystems Open Joint Stock Company

« \_\_\_\_ » \_\_\_\_\_ 2009, Minutes № \_\_\_\_

**REGULATIONS**

**ON REMUNERATIONS AND COMPENSATIONS  
PAYABLE TO THE MEMBERS OF THE BOARD OF  
DIRECTORS OF THE  
MOBILE TELESYSTEMS OPEN JOINT STOCK COMPANY**

(version № 3)

Moscow 2009

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## 1. General Provisions

1.1. These Regulations were drafted in accordance with the Federal Law On Joint Stock Companies and other existing normative acts and specify the amount and procedure of payment of remunerations and compensations to the members of the Board of Directors of the Mobile TeleSystems OJSC (hereinafter referred to as the «Company»).

1.2. These Regulation shall be approved by the General Shareholders Meeting in accordance with article 64, item 2 of the Federal Law On Joint Stock Companies and shall be used as the basis for the calculation and payment of remunerations and compensations to the members of the Board of Directors of the Company.

1.3. The amount of remunerations and compensations, whose forecasted values are calculated in accordance with this Statute, shall be included in the Company budget.

1.4. The period for the calculation and payment of remunerations and compensations is one year, beginning from the date of election of the members of the Board of Directors at the annual General Shareholders Meeting and ending on the date of the next annual General Shareholders meeting. For the purposes of calculation of the remuneration for the members of the Board of Directors, whose authority was terminated, and for those, who were elected as new members of the Board of Directors at the extraordinary General Shareholders Meeting the corporate year shall be deemed equal to 365 days.

The Vice-President for Finance and Investments of the Company shall exercise control over the calculation and payment of remunerations and compensations to the Board of Directors members.

1.5. Remunerations for performance of the duties of the Board of Directors members shall be paid by the Company to:

(1) the members of the Board of Directors, who meet the requirements for Independent Directors:

- the observance of which is the precondition for inclusion of the shares on the quotation lists of the Stock Exchange of the Russian Federation according to the Regulations on Organization of the Trade in the Securities Market, approved by Order № 07-102/pz-n of October 9<sup>th</sup>, 2007 of the Federal Financial Markets Service with corresponding amendments and additions (or, if the stated legal act becomes ineffective fully or with respect to the corresponding part, according to other similar requirements), as well as to other Board of Directors members, who do not have any other relations with the Company that can affect the independence of their judgments;
- which are set by the legislation of the RF as well as by the Charter and the Regulations on the Board of Directors of Mobile TeleSystems Open Joint Stock Company.

(2) the members of the Board of Directors, who are not the members of the managements bodies of the companies of the Company Group.

1.6. All categories of the members of the Company Board of Directors shall have the right to compensation for overhead costs relating to the performance of responsibilities of the members of the Company Board of Directors.

1.7. The General Shareholders Meeting shall have the right to make a decision not to pay remuneration to any of the members of the Company Board of Directors as per item 1.5. hereof, if he/she did not participate in the work of more than half of the meetings of the Company Board of Directors and/or by his/her faulty actions (lack of actions) caused any damage to the Company.

1.8. In the context of these Regulations the following terms are used:

(1) Director – member of Board of Directors of the Company;

(2) Remuneration – amounts of money payable only to the members of the Company Board of Directors specified in item 1.5. hereof as a remuneration for the participation in the work of the Board of Directors.

(3) Compensation – amounts of money payable to the members of the company Board of Directors to compensate for their expenses:

- incurred in connection with the participation in the work of the Board of Directors: traveling expenses, accommodation expenses, etc., if the meeting of the Board of Directors is held outside the place of permanent residence of a member of the Board of Directors;
- not relating to the participation in the meetings of the Board of Directors but relating to the Company activities: traveling expenses, accommodation expenses, etc. (participation in Management business trips and events);

(4) Compulsory Committees of the Board of Directors – Strategy Committee, Remuneration and Appointments Committee, Audit Committee, Committee for Corporate Conduct and Ethics;

(5) Special Committees of the Board of Directors – Board of Directors Committees, which are established for preliminary consideration and preparation of recommendations to the Board of Directors on separate projects of the Company.

(6) Other Committees of the Board of Directors – Committees of the Board of Directors, which are formed from the members of the Board of Directors, other than the Compulsory Committees and Special Committees.

## **2. Forms of Remuneration**

2.1. The remuneration shall be carried out in the following forms:

- basic remuneration;
- remuneration for performance of additional duties;
- performance based annual bonus.

2.2. The aggregate amount of remuneration payable in the forms specified in item 2.1. hereof, shall not exceed 500 000 USD. The remuneration for performance of additional duties, i.e. the work in the Special Committees of the Board of Directors shall not be included in the aggregate amount of remuneration.

2.3. Remuneration to the Directors, who are the tax residents of the RF, shall be paid in roubles at the exchange rate of the Central Bank of the RF on the date of remittance. Remuneration to the Directors, who are not the tax residents of the RF, shall be paid in USD.

2.4. The remuneration shall be subject to taxation in compliance with the legislation of the RF or the other state, whose tax resident the Director is. The Company shall not reimburse the Directors, who are not the tax residents of the RF, the amount of individual income tax, withheld in compliance with the legislation of the RF and/or paid by them in compliance with the legislation of another state.

## **3. Basic Remuneration**

3.1. The basic remuneration shall be paid in cash for performance of the duties of a member of the Company Board of Directors during the corporate year and shall not depend on the number of meetings, in which the Director has participated.

3.2. The amount of the basic remuneration of a Director is 250 000 USD for a corporate year, the amount of the basic remuneration of the Chairman of the Board of Directors is 275 000 USD and can only be changed by a separate resolution of the General Shareholders Meeting based on the results of the Company activities in the reporting year.

In the event of an early termination of the authority of a member of the Board of Directors or election of a new member of the Board of Directors at the extraordinary General Shareholders Meeting the basic remuneration shall be paid proportionally to the actual duration of authority of the Director and is calculated as a product of the amount of the basic remuneration specified in this item, by the value calculated as the ratio of the actual duration of the authority to the duration of the corporate year equal to 365.

3.3. The basic remuneration shall be paid by the Company on a quarterly basis not later than 30 days after the end of the quarter on the basis of an office memo to be produced by the Corporate Secretary of the Company (a person, who performs the duties of the Corporate Secretary), these Regulations as well as the extract from the Minutes of the General Shareholders Meeting on the election of the members of the Board of Directors. The amount of the quarterly payment shall be equal to  $\frac{1}{4}$  of the basic remuneration as per item 3.3., and in the event that the authority of a member of the Board of Directors arose after the beginning of the quarter under review, the amount of payment shall be equal to the portion of the quarterly payment proportional to the actual period of work.

#### **4. Performance of Additional Responsibilities**

4.1. Additional remuneration shall be paid to the members of the Board of Directors for the performance of responsibilities relating to their work in the Committees of the Board of Directors:

- for the work in Compulsory Committees of the Board of Directors: to the Chairman of a Committee of the Board of Directors - 25 000 USD per year, to a member of a Committee of the board of Directors – 15 000 USD per year (for the work in each committee);
- for the work in other Committees of the Board of Directors: to the Chairman of a Committee of the Board of Directors – 10 000 USD per year, to a member of a Committee of the board of Directors – 5 000 USD per year (for the work in each committee);
- for the work in Special Committees of the Board of Directors: to the Chairman of a Committee of the Board of Directors – 25 000 USD per year, to a member of a Committee of the Board of Directors – 20 000 USD per year (for the work in each committee).

4.2. Remuneration for performance of additional duties shall be paid by the Company quarterly in equal installments not later than 30 days after the end of the quarter on the basis of an office memo, which shall be produced by the Corporate Secretary of the Company (a person, who performs the duties of the Corporate Secretary) and provide information on the number of Committees, in which each Director participates, these Regulations as well as the extract from the minutes of the Board of Directors meeting, specifying the distribution of responsibilities among the members of the Committees of the Board of Directors. In the event of an early termination of the authority the remuneration shall be paid proportionally to the actual duration of authority of the Director in the corporate year.

#### **5. Performance based annual bonus**

5.1. The performance based annual bonus shall be paid to the members of the Company Board of Directors depending on the amount of the Company capitalization as a result of the Company operations during the year, provided that the Company has got income according to the US GAAP.

5.2. The amount of the bonus shall be calculated using the following formula:

$$S = (\$175\,000 \times K / P1) \times P2,$$

where S is the amount of bonus;

K is the number of full months between the General Shareholders Meetings, where the Independent Director was elected, divided by 12 (in the event that during the corporate year the Independent Director was not reelected, K = 1);

P1 is the weighted average price of 1 (one) Company's ADR 100 days before the date of election of the Independent Director; and

P2 is the weighted average price of 1 (one) Company's ADR 100 days before the date of termination of the Independent Director authority.

5.3. The maximum amount of the bonus payable to Independent Directors on the date of receiving the remuneration shall not exceed 200 000 USD. In the event of early termination of the Director authority the maximum amount of bonus payable to the Independent Director on the date of receiving the remuneration shall not exceed K x 200 000 USD, where K shall be calculated as per item 5.2 hereof.

5.4. The annual performance based bonus shall be paid by the Company on the basis of these Regulations and an office memo of the Corporate Secretary of the Company to be agreed with the Company's Vice President for Finance and Investments not later than 45 days after the date of holding the Annual General Shareholders Meeting.

## **6. Compensations payable to the members of the Board of Directors**

6.1. Each member of the Company Board of Directors can be compensated for the following expenses:

- actual incurred and supported by proper documents travel expenses (to the destination and backwards), accommodation expenses, expenses on telecom services and other expenses supported by proper documents;
- other expenses not exceeding 200 000 USD per year.

6.2. The expenses supported by proper documents, shall be compensated by the Company on the basis of an office memo of the Corporate Secretary of the Company (a person, who performs the duties of the Corporate Secretary) addressed to the Company's Vice-President for Finance and Investments with the supporting documents attached.

6.3. Other expenses shall be compensated by the Company on the basis of an office memo of the Corporate Secretary of the Company (a person, who performs the duties of the Corporate Secretary), which shall be addressed to the Company's Vice-President for Finance and Investments and state the total amount of the compensation required.

6.4. Payment of the compensation for the expenses to the Directors, who are not the tax residents of the RF, shall be made in USD.

## **7. Regulations validity. Procedure for making amendments and additions to the Regulations.**

7.1. Amendments and additions to these Regulations shall only be made by the resolution of the General Shareholders Meeting of the Company.

The General Shareholders Meeting shall have the right to terminate these Regulations and approve new Regulations on Remunerations and Compensations Payable to the Members of the Board of Directors of Mobile TeleSystems.

7.2. If there is any conflict between these Regulations and the norms of the legislation of the Russian Federation, the norms of the existing legislation of the Russian Federation shall prevail.