

APPROVED

by the Resolution of the General  
Shareholders' Meeting of the Mobile  
TeleSystems Open Joint Stock Company  
27 June, 2008, Minutes No.

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A.Yu. Goncharuk  
Chairman of the Meeting

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

Moscow, 2008

## 1. GENERAL PROVISIONS

1.1. This Statute was drafted in accordance with the Federal Law «On Joint Stock Companies» and other effective normative acts and specifies 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») according to execution of duties and exercise of powers provided for in Company's Charter, the Statute on Company's Board of Directors and Rules & Regulations for Committees of Company's Board of Directors.

1.2. This Statute shall be approved by the General Shareholders Meeting in accordance with the Federal Law «On Joint Stock Companies», Article 64, Item 2, and shall be used as the basis for conclusion of written agreements by Company with the Board of Directors members on execution of duties of a member of the Board of Directors of Mobile TeleSystems OJSC and payment of remunerations and compensations provided for Board of Directors members.

The said agreements shall be concluded with the Board of Directors members within 15 days upon financial closing of Mobile TeleSystems OJSC General Shareholders meeting where the Board of Directors members were elected.

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

1.4. The accounting period for any remuneration type shall be one corporate year. In case of early election of new members of Company's Board of Directors, calculation of remuneration amounts shall be made on a pro rata to actual hours worked by Company's Board of Directors member.

1.5. Remunerations and compensations amounts are stated herein before taxes. The Company shall determine and withhold and pay tax on natural person's income arising in connection with the payment of remunerations and compensations to the Board of Directors members.

1.6. The following terms are used in the Statute:

- (1) members of the Board of Directors, Directors – persons who are elected members of Company's Board of Directors in compliance with the procedure established in the Federal Law “On Joint Stock Companies”;
- (2) a non-executive director – a member of the Board of Directors recognized a member of the Board of Directors in compliance with the legislation of the Russian Federation and local regulatory documents of Mobile TeleSystems Open Joint Stock Company;
- (3) remunerations to a Board of Directors member – amounts in cash payable in Rubles at the exchange rate of the date of payment as remunerations for participation in work of the Board of Directors;
- (4) a corporate year – a period starting from the date of Company's Annual General Shareholders meeting and ending on the date of the following Company's Annual General Shareholders meeting;
- (5) mandatory committees of the Board of Directors – committees of the Board of Directors of Mobile TeleSystems OJSC existence of which is required for securities to be included into a quotation list of the arranger of trade in the securities market (Audit Committee, Remuneration & Appointment Committee) as well as Budget Committee;
- (6) compensations – amounts covering expenses incurred by members of Company's Board of Directors in relation to participation in work of the Board of Directors in case of

Company' Board of Directors meeting held outside of permanent residence of a member of the Board of Directors: travel and accommodation expenses.

## **2. FORMS OF REMUNERATIONS FOR NON-EXECUTIVE DIRECTORS**

2.1. The remunerations for Company's non-executive directors are provided for in the following forms:

- personal remuneration payable according to performance indicators;
- remuneration payable for execution of additional duties;
- bonus.

2.2. The maximum amount of all remunerations payable to non-executive directors shall not exceed USD 500 000. In case of early termination of non-executive director's powers the maximum amount of all remunerations payable to non-executive directors shall not exceed USD K x 500 000, where K shall be calculated in conformity with the Item 2.4.2 hereof.

2.3. Personal remuneration payable on the basis of performance indicators

2.3.1. Personal remuneration on the basis of performance indicators shall be paid for execution of duties of a member of Company's Board of Directors and shall not depend on the number of meetings at which a non-executive director participated.

2.3.2. The amount of the personal remuneration of a non-executive director shall be USD 250 000 per a corporate year, the amount of the remuneration of the Board of Directors Chairman shall be USD 275 000 per a corporate year and shall not be changed unless it is changed by a separate resolution of Company's General Shareholders Meeting based on performance indicators in the accounting year.

2.3.3. The personal remuneration on the basis of performance indicators shall be paid in cash by Company's accounting department in four (4) equal amounts. The first amount shall be paid within 15 days upon the end of three months from the date of election of Company's Board of Directors members (an accounting period). The second and the third amounts of remuneration shall be paid within 15 days upon the end of three months from the end of the previous accounting period. The fourth amount shall be paid within 15 days upon the end of the corporate year.

2.4. Bonus

2.4.1. Non-executive directors shall receive additional remunerations depending on MTS OJSC capitalization on the basis of Company's performance provided that the Company has got income according to the US GAAP and MTS Group budget of the relevant year has been fulfilled by at least 95% for each of the following indicators: revenues, OIBDA margin (%) and net income.

2.4.2. The bonus amount shall be calculated by the following formula:

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

where S – a bonus amount;

K – the number of full months between Company's General Shareholders meetings, at which a non-executive director is elected, divided by 12 (if a non-executive director was not elected during a corporate year, K = 1);

P1 – a weighted average of the price of one (1) MTS OJSC’ ADR as of the date 100 days prior to the date of election of a non-executive director;

P2 - a weighted average of the price of one (1) MTS OJSC’ ADR as of the date 100 days prior to the date of expiration of non-executive director’s powers.

2.4.3. However the maximum amount of bonuses payable to non-executive directors shall not exceed USD 200 000 as of the date of bonus receipt. In case of early termination of non-executive director’s powers the maximum amount of bonuses payable to non-executive directors shall not exceed USD K x 200 000 (where K shall be calculated as it is specified in Item 2.4.2 hereof) as of the date of bonus receipt.

2.4.4. The bonus shall be paid by Company in cash either within 15 days upon the end of the corporate year, irrespective of the date of expiration of non-executive director’s powers.

2.5. The remuneration for execution of additional duties shall be paid to a non-executive director in conformity with the Article 4 hereof.

### **3. FORMS OF REMUNERATION PAYABLE TO BOARD OF DIRECTORS MEMBERS WHO ARE NOT NON-EXECUTIVE DIRECTORS**

3.1. The remunerations for Company’s Board of Directors members, who are not non-executive directors under this Statute, shall be provided for in the following forms:

- personal remuneration payable on the basis of performance indicators;
- remuneration payable for execution of additional duties.

3.2. Personal remuneration payable on the basis of performance indicators

3.2.1. Personal remuneration on the basis of performance indicators shall be paid to Company’s Board of Directors members, who are not non-executive directors, provided that the Company has got income according to the US GAAP and MTS Group budget of the relevant year has been fulfilled by at least 95% for each of the following indicators: revenues, OIBDA margin (%) and net income.

3.2.2. The amount of the personal remuneration of a member of the Board of Directors shall be USD 250 000 per a corporate year, the amount of the remuneration of the Board of Directors Chairman shall be USD 275 000 per a corporate year.

3.2.3. The remuneration shall be paid by Company within 15 days upon the end of the corporate year, irrespective of the date of expiration of powers of Company’s Board of Directors member, in conformity with this Statute, data of annual financial statements and the Minutes of the meeting of the Committee on Remunerations & Appointments of Company’s Board of Directors.

3.2.4. The amount of remunerations payable to Board of Directors members stated hereby shall not be changed unless it is changed by a separate resolution of Company’s General Shareholders Meeting based on performance indicators in the accounting year.

3.3. The remuneration for execution of additional duties shall be paid to a Board of Directors member in conformity with the Article 4 hereof.

#### **4. REMUNERATION PAYABLE FOR EXECUTION OF ADDITIONAL DUTIES**

4.1. Additional remunerations shall be paid to all members of Company's Board of Directors for execution of the duties connected with the work in the Committees of the Board of Directors:

- Remuneration for the work in the mandatory committees of the Board of Directors shall be USD 25 000 per a year to the Chairman of a committee of the Board of Directors and USD 15 000 per a year to a member of a committee of the Board of Directors (for participation in each committee);
- Remuneration for the work in the other committees of the Board of Directors shall be USD 10 000 per a year to the Chairman of a committee of the Board of Directors and USD 5 000 per a year to a member of a committee of the Board of Directors (for participation in each committee).

4.2. The remuneration shall be paid in cash by Company's accounting department in four (4) equal amounts. The first amount shall be paid within 15 days upon the end of three months from the date of election of Company's Board of Directors members (an accounting period). The second and the third amounts of remuneration shall be paid within 15 days upon the end of three months from the end of the previous accounting period. The fourth amount shall be paid within 15 days upon the end of the corporate year.

#### **5. PROFESSIONAL LIABILITY INSURANCE**

5.1. The Company shall provide professional liability insurance for all members of the Board of Directors.

#### **6. COMPENSATIONS PAYABLE TO MEMBERS OF COMPANY'S BOARD OF DIRECTORS**

6.1. Compensations, including expenses for transportation to and from the venue of the Board of Directors meeting as well as accommodation expenses, shall be paid according to the actual expenses incurred, however the amount shall not exceed USD 10 000 per a month.

6.2. Compensations to non-executive directors, including expenses for transportation to and from the venue of the Board of Directors meeting as well as accommodation expenses, shall be paid according to the actual reasonable expenses incurred.

6.3. The compensations shall be paid by the Company's accounting department based on the expense report and documents, proving the expenses incurred, as and when such documents are submitted.