

Approved by  
the General Shareholders Meeting of  
OJSC "CenterTelecom"  
on June 18, 2007  
Minutes № 15

REGULATIONS ON THE BOARD OF DIRECTORS  
OJSC CenterTelecom  
(third version)

Moscow 2007

Moscow Region, Khimki

## 1. GENERAL PROVISIONS

1.1 These Regulations On the Board of Directors (hereinafter the “Regulations”), according with the Civil Code of the Russian Federation, the Federal Law ‘On Joint Stock Companies’ and the Company Charter, establish the procedure for convening and holding sessions of the Board of Directors and the amount and procedure of payment of rewards and compensation to members of the Board of Directors of the Company.

1.2 The Board of Directors is a collective management body of the Company responsible for the general management of the activities of the Company, save for resolution of matters referred to the authority of the General Meeting of Shareholders of the Company pursuant to the federal laws and the Charter of the Company.

## 2. PURPOSE AND PRINCIPLES OF THE BOARD OF DIRECTORS

2.1 The purpose of the Board of Directors is to ensure maximum profit and asset growth for the Company, to protect the rights and legal interests of shareholders and to ensure that public information about the Company is complete, accurate and impartial.

2.2 In order to achieve its purpose the Board of Directors shall be governed by the following principles:

- adoption of resolutions on the basis of accurate information about the activities of the Company;
- elimination of restrictions with respect to rights of shareholders to participate in management of the affairs of the Company, receive dividends and obtain information about the Company;
- achievement of a balance of interests of the various groups of shareholders and adoption by the Board of Directors of resolutions that are as impartial as possible in the interests of all shareholders of the Company.

## 3. RIGHTS AND DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS, PROCEDURE FOR PERFORMING DUTIES

3.1 Members of the Board of Directors have the right:

**3.1.1 to request in writing the Company providing any information (documents) of the Company both, of open access and other kind of information, considered by the Company as inside through the procedure established by internal documents of the Company;**

3.1.2 to receive compensation of expenses incurred in their capacity as members of the Board of Directors through the procedure established herein.

**In case of absence of a prohibition for his participation in management body of a profit entity on payroll basis set by the legislation of the Russian Federation in force, to receive remuneration for performance of his duties as the Company Board of Directors member through the procedure established herein, or to perform the Board of Directors member functions on a voluntary basis.**

3.1.3 to demand that their own opinions concerning matters on the agenda and resolutions adopted be reflected in the minutes of sessions of the Board of Directors.

3.2 Members of the Board of Directors must:

3.2.1 be loyal to the Company, i.e. refrain from using their position within the Company in the interests of other persons;

3.2.2 act within their authorities, in accordance with the purposes and principles of the Board of Directors;

3.2.3 act reasonably and in good faith in respect of the affairs of the Company;

3.2.4 not disclose any confidential information about the activities of the Company that they becomes aware of;

3.2.5 initiate sessions of the Board of Directors to address urgent matters;

3.2.6 participate in adoption of resolutions of the Board of Directors by voting on matters on the agenda of its sessions;

3.2.7 adopt well-founded resolutions, to which end they shall study any necessary information (materials);

3.2.8 assess risks and detrimental consequences in adopting resolutions;

3.2.9 promptly inform the Company of their affiliate status and changes therein;

3.2.10 make the Board of Directors aware of details of contemplated transactions with respect to which they might interested persons;

**3.2.11 inform the Company in writing on imposition (termination) of prohibition for his participation on payroll basis in management body of a profit entity set by the legislation of the Russian Federation in force;**

**3.2.12 inform the Company in writing in case of intention to perform the Board of Directors member functions on a voluntary basis.**

3.3 The office of member of the Board of Directors is continuous and is not limited to participation in adoption of resolutions of the Board of Directors.

3.4 The Company must, upon a **written** request from a member of the Board of Directors, provide it with access to information and documents listed in Clause 3.1.1 herein.

Such requested information and documents must be provided to the member of the Board of Directors within five days as of the day of presentation of such request, **subject the inside documents of the Company setting the information provision procedure do not stipulate another time frame.**

Upon request off a member of the Board of Directors the Company must provide it with copies of requested documents.

#### 4. CHAIRMAN OF THE BOARD OF DIRECTORS

4.1 The Chairman of the Board of Directors shall be elected by members of the Board of Directors from their number by a majority of votes of members of the Board of Directors of the Company participating in the session at the first session.

4.2 The person performing the functions of individual executive body of the Company may not simultaneously be Chairman of the Board of Directors.

4.3 The Board of Directors may at any time re-elect the Chairman of the Board of Directors.

4.4 Members of the Board of Directors may elect a deputy Chairman. In the absence of the Chairman of the Board of Directors of the Company all his functions (including signature of documents) shall be performed by his deputy or, in the absence of latter - by one of the members of the Board of Directors, pursuant to a resolution of the Board of Directors of the Company adopted by a majority of votes of members participating in the session.

4.5 The Chairman of the Board of Directors shall organize the work of the Board of Directors, convene and chair at its sessions and organize the keeping of minutes of sessions.

4.6 The Chairman of the Board of Directors may not delegate his functions to another person.

## 5. PROVISION OF THE BOARD OF DIRECTORS OPERATIONS

5.1 The Company's Corporate Secretary shall be responsible for the Board of Directors operations. Functions of the Corporate Secretary on provision of the Board of Directors operations are determined by the Regulations on Corporate Secretary and the Office of the Corporate Secretary.

5.2 In the absence of the Secretary of the Board of Directors the performance of his duties on provision of the Board of Directors operations shall be imposed on another person appointed by the Board of Directors for the period of the Corporate Secretary absence.

## 6. SESSIONS OF THE BOARD OF DIRECTORS

6.1 A session of the Board of Directors may be held in the form of joint attendance (including by conference call) or *in absentia* voting.

6.2 Sessions of the Board of Directors must be held regularly, in accordance with the work schedule approved at a session of the Board of Directors. If it is necessary, the Board of Directors shall consider matters that are not on the work schedule.

6.3 Sessions of the Board of Directors shall be convened by the Chairman of the Board of Directors at its own initiative or pursuant to a request from a member of the Board of Directors, the Internal Audit Commission or auditor, the individual or collective executive body of the Company or shareholders (a shareholder) holding a total of at least 5 percent of voting shares of the Company.

**Agenda of the convened session shall be determined by Chairman of the Board of Directors taking into account approved plan of the Board of Directors activities and submitted requests of persons listed in first paragraph of this item.**

6.4 A request for a session of the Board of Directors must contain the following information:

6.4.1 name of the person initiating convocation or name of the body or legal entity presenting the request;

6.4.2 if the request for a session originates from a shareholder, the quantity and category (type) of shares belonging to it;

6.4.3 form for the session (joint attendance or *in absentia* voting);

6.4.4 the date of the session to be held in the form of joint attendance, or, if the session is to be held in the form of *in absentia* voting, the final acceptance date of written opinions of members of the Board of Directors on matters on the agenda;

6.4.5 agenda for the session;

6.4.6 list of information (materials) to be provided to members of the Board of Directors in preparation for the session.

A request for a session of the Board of Directors may also include the following information:

6.4.7 time and venue of the session (if held in the form of joint attendance);

6.4.8 draft resolutions on matters on the agenda;

6.4.9 other information, at the discretion of the person initiating the session.

6.5 Notice of a session of the Board of Directors shall be given to each member of the Board of Directors together with any necessary materials at least 14 days before the session.

**The mentioned deadline may be shortened in case of urgent necessity to address some matters, subject, there are no any objections from any Board of Directors members.**

**If pursuant to effective legislation the session of the Board of Directors is required to be held within shorter deadlines, the deadline for dispatch of notices and necessary materials shall be reduced.**

**Notice of a session shall be given to members of the Board of Directors in written form in the way agreed with them (including by post, telegraph, fax or electronic communication).**

**Notice of a session must contain information provided in sub-clauses 6.4.3-6.4.8 herein and also specify the address to which members of the Board of Directors may send their written opinions.**

**By initiative of executive bodies and persons having the right to require convocation of the Board of Directors session, Chairman of the Board of Directors may include into agenda of the convened session additional items, subject there are no any objections from any Board of Directors members. Proposal regarding inclusion of additional item into the agenda of the convened session shall be submitted in written form containing wording of the agenda item and information stipulated by sub-clauses 6.4.1, 6.4.2, 6.4.6 herein.**

**Executive bodies and persons by whose initiative a session was convened (additional item included into the agenda) are entitled in written form to recall their proposal at any time before the moment of summarizing voting results on the proposed agenda items.**

**If circumstances render it impossible or difficult for a session of the Board of Directors to be held at the venue and (or) time notified to members of the Board of Directors, a session with the scheduled agenda may be held at another venue and (or) time.**

**All members of the Board of Directors must be notified of any change in venue and (or) time of a session of the Board of Directors, with regard to the time necessary for members of the Board of Directors to arrive to a session. Notice of such changes shall be given to members of the Board of Directors in any form that ensures that the member of the Board of Directors receives the notice at the address of the member of the Board of Directors or the address at which it takes receipt of correspondence.**

**All members of the Board of Directors must be notified of any changes in agenda of the session stipulated by notification procedure on convocation of the session.**

**The first (organizational) session of the Board of Directors will be held without prior notification on the day of the general meeting of shareholders at which the Board of Directors is elected (if the resolution electing members of the Board of Directors and the results of voting on it have been announced at the General Meeting of Shareholders during which the vote took place).**

6.6 In adopting resolutions by the Board of Directors, members of the Board of Directors attending the session shall express their opinion on matters on the agenda by voting.

6.7 If members of the Board of Directors cannot attend a session in person or if a session is held in the form of *in absentia* voting, members of the Board of Directors shall express their opinions on matters on the agenda in writing.

If a written opinion of a member of the Board of Directors contains the vote of such member, it shall be taken into account in determining whether there is a quorum and the results of voting.

Members of the Board of Directors must present their written opinions before the session of the Board of Directors is held or, if the session is held in the form of *in absentia* voting - no later than the final acceptance date of written opinions of members of the Board of Directors.

**6.8 In case of holding a session in form of joint attendance the party chairing at the session must announce the written opinion of any member of the Board of Directors absent from the session of the Board of Directors before voting commences on the matter on the agenda in respect of which the opinion has been presented.**

**If a written opinion (of the Board of Directors member absent from the session held in form of joint attendance or absentia voting) contains a proposal of a draft resolution that differs from the draft resolution initially proposed, each the Board of Directors member must, before the minutes are compiled, acquaint other members of the Board of Directors with his opinion on the draft resolution expressed by voting.**

6.9 Before a resolution is adopted on a matter that has been preliminarily considered by a committee of the Board of Directors, members of the Board of Directors must be given the opportunity to acquaint themselves with the opinions (recommendations) of the relevant committee.

6.10 Each member of the Board of Directors has one vote in adopting resolution at sessions of the Board of Directors.

Members of the Board of Directors may not assign their right to vote to any other party, including to another member of the Board of Directors.

If an equal number of votes of members of the Board of Directors is cast for and against a resolution the Chairman of the Board of Directors shall have the decisive vote.

6.11 Minutes shall be kept at sessions of the Board of Directors.

Minutes of a session of the Board of Directors shall be compiled within three days following a session held in the form of joint attendance (expiry of the final acceptance deadline of written opinions, if held in the form of *in absentia* voting).

Minutes of a session shall specify:

- the venue and time at which it was held, if held in the form of joint attendance, or, if held in the form of *in absentia* voting - the place in which the minutes were compiled and the final acceptance date of written opinions of members of the Board of Directors;
- persons attending the session (if the session is held in the form of joint attendance);
- persons providing written opinions on matters on the agenda;
- agenda of the session;
- matters put to the vote and the results of voting;
- resolutions adopted.

Minutes of a session of the Board of Directors shall be signed by the person chairing at the session of the Board of Directors and the Company's Corporate Secretary.

If written opinions of members of the Board of Directors are taken into account when determining whether there is a quorum and the results of voting, written opinions received from members of the Board of Directors on matters on the agenda shall be attached to the minutes as supplements.

The Company must store minutes of sessions of the Board of Directors at the location of its executive body, according to the procedure and for the period established by the federal executive body for the securities market. If no such period has been established the Company must store minutes of sessions of the Board of Directors for an indefinite period of time.

The Company must ensure that shareholders, members of the Board of Directors and the Internal Audit Commission and auditor have access to minutes of sessions of the Board of Directors.

6.12 If pursuant to the Charter of the Company, a resolution must be adopted by a majority of three quarters of votes or unanimously by all members of the Board of Directors, not counting the votes of former members of the Board of Directors, former members of the Board of Directors shall be deemed those deceased, missing or legally incapable.

## 7. REWARDS OF MEMBERS OF THE BOARD OF DIRECTORS, COMPENSATION OF EXPENSES INCURRED IN PERFORMANCE OF THEIR DUTIES

**7.1 The Company bears costs related to the Board of Directors activities including compensations to the Board of Directors members for documentarily confirmed expenses incurred in their capacity.**

**The Company Board of Directors member performing his functions on a payroll basis receives remuneration for performing his functions and also additional remunerations stipulated by sub-clause 7.7 herein.**

During the term of their authority members of the Board of Directors of the Company will be paid rewards and receive compensations of expenses incurred in their capacity as members of the Board of Directors.

7.2 The reward of members of the Board of Directors shall comprise of quarterly and annual rewards.

7.3 The quarterly reward to each member of the Board of Directors shall be established as a percentage of the Company's income from the sale of goods, products, works and services for the reporting quarter according to the Company's accounts.

**If within a quarter there were changes in the list of the Board of Directors members or the basis for performing of the Board of Directors member functions has been changed (payroll/voluntary basis), remuneration is accrued and paid out in proportion to the time the functions of the Board of Directors were performed on the payroll basis.**

The reward of the Chairman of the Board of Directors shall be established using a coefficient of 1.3.

Rewards of members of the Board of Directors shall be reduced by:

30% - if the member attends fewer than half the sessions of the Board of Directors held in the form of joint attendance;

100% - if the member participated in fewer than half of all sessions of the Board of Directors.

For the quarter during which the Board of Directors is re-elected, members of the Board of Directors shall be paid rewards proportionate to the amount of time worked in such quarter.

7.4 Annual reward of the entire Board of Directors of the Company shall be set as a percentage of the Company's net profits for the reporting year according to the Company's accounts.

The amount of annual reward of each member of the Board of Directors shall be determined by a resolution of the Board of Directors of the Company at the same time as the Company's annual report is preliminarily approved.

**Annual remuneration of one member of the Board of Directors is calculated in accordance with paragraphs 1 – 3 of this clause divided by number of persons elected into the Board of Directors.**

**If within a period from the moment of election of the Board of Directors by the annual general meeting of shareholders through the next annual general meeting of shareholders there were changes in the list of the Board of Directors members or the basis for performing of the Board of Directors member functions has been changed (payroll/voluntary basis), remuneration is accrued and paid out in proportion to the time the functions of the Board of Directors were performed on the payroll basis.**

Annual remuneration of a Board of Directors member **determined in accordance with fourth and fifth paragraphs of this sub-clause.** is reduced by 50% in case of the participation in less than a half of the Board of Directors sessions held during the period of his executive powers being in force.

7.5 The level (percentage) of deductions for determination of quarterly and annual rewards **shall be determined** by a resolution of the General Meeting of Shareholders and **be used for determination of amount of remuneration for persons performing the Board of Directors members functions till the next annual general meeting of shareholders.**

7.6 Members of the Board of Directors have the right to participate in Company option plans.



## 8. PROCEDURE FOR APPROVING AND INTRODUCING AMENDMENTS TO THE REGULATIONS

8.1 These Regulations shall be approved by the General Meeting of Shareholders by a majority of votes of shareholders holding voting shares of the Company.

8.2 These Regulations may be supplemented or amended by the General Meeting of Shareholders by a majority of votes of shareholders holding voting shares of the Company.

8.3 If individual clauses hereof become inconsistent with the legislation of the Russian Federation or the Charter of the Company pursuant to amendments thereto, these Regulations shall apply in that part not contradicting effective legislation or the Charter of the Company.