

APPROVED by  
**General meeting of Shareholders of  
Open Joint Stock Company Comstar –  
United Telesystems**

«\_\_\_» \_\_\_\_\_ 2008

MINUTES № \_\_\_\_\_

**OPEN JOINT STOCK COMPANY  
COMSTAR – UNITED TELESYSTEMS**

**BY-LAW  
MANAGEMENT BOARD**

**Moscow  
2008**

## **1. General provision**

1.1. The Management Board of the Open Joint Stock Company Comstar – United Telesystems (hereinafter referred to respectively as Management Board and Company) is a collective executive body in the Company's governance structure.

This By-law establishes the forming procedures of Management Board, rights, obligations and liabilities of its members, as well as the following procedures: planning, preparing and convening the Management Board meetings, adopting and formalizing the adopted decisions, controlling their fulfillment, storing and delivering for reading the minutes (excerpts from minutes) of the meetings.

This By-law has been drafted in compliance with the Civil Code of RF, the Federal law "On joint stock companies", the Company's Charter.

1.2. The Management Board, when carrying out its activities, shall be governed by the current legislation, the Company's Charter and the present By-law .

1.3. The Management Board subordinates and is accountable to the Board of Directors and the General meeting of Shareholders.

The Management Board, within its competence, shall be fully responsible before shareholders for efficient implementation of Company's policy in the following areas: production, finances and business, science and technologies, personnel and social matters.

## **2. Management Board composition and forming procedures**

2.1. The size and membership of the Management Board shall be approved by the Board of Directors upon the President's proposal. The Chairman of the Management Board shall be the Company's President. The Management Board members shall be elected for a 3 years term. Unlimited re-elections are allowed.

2.2. The Company shall ensure to its shareholders and all other interested parties the access to information regarding the Management Board membership, positions occupied by Management Board members in the Company and other organizations, stakes in Company and other subsidiary and dependant companies, owned by Board of Directors members, by posting this information on the Company's web-site.

2.3. The Board of Directors may at any time decide to cease the powers of Management Board member(s); to change the size of the Management Board; to elect new members into it.

The Board of Directors shall cease the powers of a Management Board member upon his/her written request.

The powers of Management Board members shall commence and cease since adoption of a relevant BOD resolution.

Termination of powers of a certain Management Board member, having an employment agreement with the Company, stipulating other duties than those of a Management Board member, shall not be the reason for ending his/her employment agreement .

2.4. The Board of Directors shall establish the qualifications and other criteria to be met by Management Board members.

A Management Board member shall be a person with higher education degree, with high professionalism in his/her area, with flawless reputation, with no record of conviction for business crimes, not legally banned from holding executive positions;

A Management Board member can be a person employed by Company, or invited from outside.

2.5. With each Management Board member a contract/agreement can be signed, stipulating additional working conditions, compensation estimation procedure, reimbursement of expenses, relating to exercise of duties as Management Board member, contract/agreement termination procedure. Such contract/agreement shall be signed on behalf of the Company by BOD Chairman, or a person authorized by the Board of Directors. The latter may at any time terminate a contract/agreement with a Management Board member. The terms and conditions of such contract/agreement shall be approved by the Board of Directors.

The contract/agreements signed by Company with Management Board members shall contain provisions on liabilities of the said persons for breaching the clauses of by-laws regulating the use of confidential and insider information.

### **3. Competence of the Management Board. Rights, obligations and liabilities of the Management Board members**

3.1. The competence of the Management Board is determined in the Company's Charter.

3.2. When carrying out their functions the Management Board members may:

- participate in the Management Board meetings, freely express their opinion, vote on all the agenda items, request one's special written opinion be attached to the meetings minutes;
- request and receive from Company's structural subdivisions documents and information regarding Company's operations, on the issues falling under the competence of the Management Board;
- propose items to the Management Board agenda, to request that extraordinary meetings be held;

3.3. The Management Board members must:

- fulfill resolutions, adopted by General meeting of Shareholders, Board of Directors, Management Board;
- act for the benefit of the Company, exercise their rights and discharge their duties with regard to Company in good faith and reasonably;
- not disclose confidential information, becoming available to a Management Board member in the course of his/her duties performance,
- not use the insider information for personal gains, nor transfer insider information to third parties and make transactions using the insider information;
- the Management Board members shall inform the Company's Board of Directors on the number of securities they possess in the Company, its subsidiary and dependant entities, and on their intention to consummate transactions with the shares of the Company, its subsidiary and dependant entities, and on the purchases (disposals) of such shares;
- read in good time the contents of the Company's internal normative documents and comply with their requirements;
- on legal entities, where he/she holds independently or jointly with his/her affiliated entity(ies) 20 and more percent of the voting shares (stakes, equities), on legal entities, in the governing bodies of which they hold positions, on transactions, being concluded or contemplated, where they may be considered as the interested persons;

3.4. A Management Board member may not receive gifts, nor direct or indirect gains used as a means of influencing the decisions, adopted by Management Board.

3.5. The members of the Management Board shall be liable to the Company for the damage inflicted to the Company through their culpable action (non-action), if not otherwise specified in the applicable RF laws regarding the reasons for and extent of liability.

Notwithstanding the above-mentioned, those members of the Management Board who voted against the resolution, which resulted in infliction of such damage to the Company, or who did not participate in the voting, shall not be liable.

3.6. The Management Board members shall operate within the limits of their competence, determined in the Company's Charter, Company's internal documents, resolutions of General meeting of Shareholders, Board of Directors and/or based on President's power of attorney.

3.7. The company may choose to insure the Management Board members against their executive liability.

#### **4. Chairman and Secretary to Management Board**

4.1. President of the Company, according to position, acts as Management Board Chairman. Chairman of the Management Board organizes the work of the Management Board and reports to the Board of directors on Management Board performance.

4.2. Deputy Chairman of the Management Board is appointed by management Board Chairman from among the Management Board members and is approved by Management Board.

Deputy Chairman of the Management Board performs functions of the Chairman in his absence.

4.3. The Management Board, at Chairman's suggestion, approves a Secretary to the Management Board. The Management Board is entitled at any time to cease Secretary's authorities and appoint a new one.

The Management Board Secretary:

- forwards notice to the Management Board members about forthcoming meeting as well as materials on agenda items;
- ensures technical-organizational meeting preparation;
- keeps minutes of meetings and files them, provides extracts from the minutes;
- ensures keeping of the minutes of meetings in original;
- ensures keeping of copies of minutes of meetings and materials on agenda items in electronic form;
- on the Chairman's instructions, exercises control over the Management Board resolutions' performance and reports to the Management Board about implementation of earlier adopted resolutions.

4.4. The Management Board Secretary has a right to require necessary, for the work of Management Board, info and documents from the structural subdivisions of the Company.

#### **5. Planning of the Management Board work**

5.1. Management Board meetings are held according to the approved schedule. In case of necessity, unscheduled meeting of the Management Board may be held.

5.2. Planning of the Management Board work shall be carried out on the base of necessity of preliminary consideration of issues submitted for consideration of the Company's Board of directors in accordance with the approved plan of work of the Board of directors. Plan of the Management Board work shall be worked out on the base of the present By-Law on the Management Board, legislative requirements and on the base of Management Board Chairman's instructions and suggestions submitted by its members, and by directors of structural subdivisions of the Company.

5.3. The Management Board's work plan shall be worked out for the forthcoming calendar year. If the need arises, the Management Board's work plan may be modified (corrected). Inclusion of additional issues on agenda and its modification is carried out on the Management Board Chairman's own initiative or in accordance with suggestions submitted by the members of the Management Board.

5.4. The Management Board's work plan shall be approved by the Management Board's resolution not later than 14 calendar days before the beginning of the planning period and shall contain dates (approximate periods of conduction) when the Management Board meetings will be conducted, wording of items on agenda and names of persons responsible for preparation of issues on agenda.

5.5. The Management Board Secretary is responsible for the development of draft working plan of the Management Board.

5.6. Agenda of a meeting shall comply with the Management Board competence, specified in the Company's Charter. All issues on agenda shall have wording showing the substance of an issue. Usage of such wording as «miscellaneous», «current issues» etc is not acceptable.

5.7. Not later than 20 calendar days before the beginning of the planning period, the draft working plan of the Management Board shall be submitted to the members of the Management Board for familiarization.

5.8. Proposals to be included in the Management Board's work plan, submitted by members of the Management Board, President, vice-presidents and directors of structural subdivisions of the Company shall be received not later than 45 days before the beginning of the planning period.

5.9. As a rule, agenda of one meeting of the Management Board shall comprise no more than 5 issues.

5.10. Agenda of a regular meeting of the Management Board is determined in accordance with the Work Plan of the Management Board, Chairman's and members' suggestions. Resolution related to agenda of a regular meeting of the Management Board, place and time of conducting shall be adopted by the Chairman of the Management Board. It is allowed to conduct extramural meetings of the Management Board. It is not allowed to conduct the Management Board meetings in the form of absentee voting.

5.11. Materials on agenda of the management Board meeting together with minutes of the Management Board meetings shall be issued in Russian. Discussion and consideration of issues on agenda is carried out in Russian.

## **6. Preparation and provision of materials for the Management Board meeting**

6.1. On the base of the Management Board Chairman's resolution on compiling agenda of the forthcoming meeting of the Management Board, the Management Board Secretary forwards notifications to the persons in charge for preparation of issues on agenda of the Management Board meeting, with information that the correspondent issue was put on the agenda of the forthcoming meeting of the Management Board, in order to provide timely preparation of materials.

6.2. Agenda of a meeting shall comply with the Management Board competence, specified in the Company's Charter.

6.3. Provision of materials for the Management Board meeting (hard and electronic copies) is carried out by a person, who is in charge for preparation of the issue. Such material shall include:

- presentation, as a rule, up to 12 slides, prepared in accordance with the standard requirements for presentation formats;
- draft resolution inclusive of explanatory note, as a rule, up to two slides. Explanatory note includes grounds and draft resolution, proposed to be adopted by the Management Board of the Company;
- if it is necessary speaker may provide additional materials as Annexes to his presentation (number of slides is not limited).

6.4. Materials for the Management Board meeting shall be sent by the speaker in electronic form to the Management Board Secretary not later than two business days before the date of the issue consideration.

6.5. Chairman of the Management Board has a right to make a decision concerning sending the materials for the forthcoming meeting of the Management Board to other concerned persons. The Management Board Secretary, on the Management Board Chairman's instruction, ensures forwarding of the materials to the specified persons.

6.6. Materials for the Management Board meeting are confidential documents and shall not be disclosed to third parties.

6.7. In the event that the person in charge for preparation of an issue on agenda is not a member of the Management Board, he/she shall coordinate the material with the member of the Management Board or permanent invitee to the Management Board meetings who oversees preparation of such materials, before forwarding the materials .

## **7. Procedure for holding of Management Board meetings**

7.1. Meetings of the Management Board are conducted, as a rule, every two weeks. Secretary of the Management Board sends notifications concerning the forthcoming meeting of the Management Board to the members of the Management Board and persons invited to the Management Board meeting, not later than two business days before its conducting, by means of e-mail.

7.2. Notification concerning conducting a meeting shall include:

- Agenda of the meeting specifying speakers on agenda items;
- Place and time of the meeting conducting;

7.3. Notification of conducting a meeting may also include grounds for putting the listed issues on the agenda and name of a person who initiated the convocation of the meeting (name of the initiator and name of authority and/or legal body that made a demand).

## **8. Procedure of the Management Board Meetings**

8.1. Meetings of the Management Board (MB) are conducted only in the form of simultaneous attendance of the shareholders; it is mandatory that the MB members attend the MB meetings. If an MB member is unable to attend the meeting, he/she shall give the MB Chairman an early notice to this effect. In this case, the MB member has the right to submit a written opinion in respect of the issues on the agenda. Written opinions of the non-attending MB members in respect of the issues on the agenda are furnished to the attending MB members and are taken into account when determining the quorum and the voting results.

8.2. If an MB member is attending the MB meeting, then his/her written opinion received prior to the meeting, is not read in the meeting and is not taken into account when determining the quorum and the voting results.

8.3. The list of invitees is entered in the minutes.

8.4. The MB members, the speakers on the issues on the agenda and the invitees attend the MB meeting.

8.5. An MB meeting is competent for adoption of resolutions (the quorum is present) if not less than half of the number of the MB members is present. If the quorum is not present, the MB Chairman settles a new date for conducting the MB meeting.

8.6. The Secretary of the MB, prior to each meeting, registers the MB members and the invitees who arrived for the meeting.

8.7. The invitees for the meeting have the right to participate in debates on the issues under discussion.

8.8. As and when needed, the Company's Corporate Secretary and technical personnel are invited for the MB meetings.

8.9. At the suggestion of a speaker, up to 3 more persons can be invited in respect of each issue on the agenda.

8.10. Speakers on the issues on the agenda and the persons invited for participation in the review of an issue on the agenda are present in the MB meeting only during the review of respective issue. The permanent invitees are present in the MB meeting throughout the review of all issues on the agenda.

8.11. Review of the issues on the agenda in an MB meeting:

8.11.1. The issues included on the agenda normally or by the MB Chairman's decision are reviewed in an MB meeting.

8.11.2. The issues on the agenda are reviewed in an MB meeting as follows:

- The report of a person in charge of preparation of the issue is heard.

- Co-speaker (if any) is heard;
- The MB members ask the speakers, as well as other officers of the Company present in the meeting, questions;
- The MB members, as well as other invitees, take the floor in debate on the report;
- The written proposals submitted by the MB members in respect of the draft resolution are read;
- The speaker gives brief comments on the proposals read in the course of debate;
- The MB Chairman summarizes the results of debate and formulates, on the basis of the submitted materials, the proposals on the draft resolution of the MB indicating the person(s) in charge of fulfillment of the resolution and the deadline for their fulfillment;
- The voting is conducted and the votes are counted. At the request of any MB member, the voting can be conducted in respect of both the draft resolution in whole and individual items of the draft resolution.
- The MB Chairman reads the voting results;

8.11.3. Duration of the reports, co-reports and the closing speech is determined by the MB Chairman by agreement with the speakers and co-speakers, but not more than 20 minutes for a report and 10 minutes for a co-report. Those taking the floor in debate are allotted up to five minutes.

8.11.4. Total duration of an MB meeting shall not exceed 1.5 hours.

8.11.5. In his/her speech, the person participating in debate shall:

- Describe in brief his/her position on the subject matter,
- Formulate his/her attitude to the draft resolution of the MB, proposed by the speaker and other MB meeting participants based on the results of seeing the materials relating to the issue on the agenda,
- Formulate his/her proposals relating to the draft resolution in respect of the issue under review.

8.11.6. Chairman of the MB (and in his/her absence – Deputy Chairman of the MB) preside at the MB meetings. In the event that both of them are not attending an MB meeting, the MB members may elect the chairman from among attending MB members.

8.11.7. The person presiding at an MB meeting:

- Organizes the work of the MB;
- Presides at an MB meeting;
- Gives floor for questions, reports and speeches;
- Organizes the debate;
- States his/her own position on the issue under review;
- Summarizes the results of discussion, подводит итоги дискуссии, generalizes and formulates the submitted proposals;
- Makes sure the meeting procedure is observed;
- Puts to the vote the draft resolutions of the MB, the MB members' proposals on the issues reviewed in the meeting, organizes the voting and the vote count and announces the voting results;



- Summarizes the results of debate and formulates, based on the submitted materials, the proposals on the draft resolution of the MB indicating the person(s) in charge of fulfillment of the resolution and the deadline for their fulfillment, takes decision on setting deadlines for implementation of resolutions of the MB;
- Arranges for maintaining the minutes and, if necessary, taking down verbatim of the meeting, signs the minutes.

8.11.8. Each MB member has one vote in course of decision-making process. Transfer of the vote by an MB member to other person, including another member of the MB, is prohibited.

8.11.9. As and when needed, an MB meeting or review of an issue included on the agenda for an MB meeting may be adjourned по решению Председателя Правления (postponed for a new date) by decision of the MB Chairman.

8.11.10. The resolution is deemed adopted if more than half of the number of the attending MB members voted for it. In case of equality of the votes of the Company's MB members the MB Chairman has the casting vote.

8.11.11. The votes are counted by Secretary of the MB.

8.11.12. If an MB member disagrees with the adopted resolution, he/she may request to have his/her special opinion read in the minutes of the MB meeting, which he/she shall submit in writing to Secretary of the MB within 2 days after the date on which the MB meeting was held.

8.12. The pre-established agenda for the next meeting is read in each meeting of the Management Board.

## **9. Minutes of the Management Board Meeting and other documents**

9.1. Secretary of the Management Board shall keep the Minutes of Management Board meeting and submit it for signature to Chairman of the Management Board or substituting him/her Deputy Chairman of the Management Board not later than 3 business days after the meeting is held.

9.2. Minutes of the meeting shall indicate:

- the Minutes number (the numeration of the minutes shall be in the chronological order from the beginning of the year);
- company's full name;
- venue and time of the meeting;
- date of drawing up the Minutes;
- persons present at the meeting (Management Board members, Secretary of the Management Board, invitees);
- the quorum;
- persons who submitted a written opinion on the issues of the agenda;
- agenda for the meeting;
- issues considered and results of voting on them;
- decisions made, deadlines for their implementation, persons in charge.

9.3. In order to draw up the Minutes of the Management Board meeting the draft resolutions on each agenda item shall be verified by Secretary of the Management Board with the speakers.

9.5. Minutes of the Management Board meeting shall be signed by the Chairman of the Management Board or substituting him/her Deputy Chairman of the Management Board.

9.6. Special opinions of the Management Board members on the decisions made shall be attached to the Minutes.

9.7. If, when identifying whether the quorum is and identifying the results of voting on issues of agenda of the Management Board meeting, a written opinion of an absent member of the Management Board is considered, the written opinions of the Management Board members concerning the issues of the agenda shall be attached to the Minutes.

9.8. Originals of the Minutes of the Management Board meetings shall be kept by Secretary of the Management Board of the Company. Special opinions of the Management Board members and Annexes to the Minutes (if any) shall be attached to the Minutes. Electronic versions (copies) of the Minutes and attached materials shall also be kept by Secretary of the Management Board.

9.11. Shareholders, who own more than 25% of Company's shares, as well as the members of the Board of Directors, members of the Management Board, Department of Internal Control and Audit, members of the auditing commission and the Company's auditor may see the Minutes of the Management Board meetings by requesting Secretary of the Management Board.

9.14. Audio recording of the meeting

9.14.1. Secretary of the Management Board ensures that audio recording of the Management Board meeting is made.

9.14.2. Based on the transcript of audio records of the Management Board members' reports the Minutes of the Management Board meeting shall be drawn up.

9.14.3. The transcript of the audio record shall not be attached to the text of the Minutes of the Management Board meeting. The audio record shall be kept by Secretary of the Management Board and is accessible to Management Board members only.

## **10. Implementation of the Management Board's resolutions**

10.1. Resolutions of the Management Board are binding for the members of the Management Board and Company's employees and its subsidiaries and dependant companies.

10.2. Control over the implementation of the resolutions of the Company's Management Board shall be exercised by Chairman of the Management Board. On the instruction of the Management Board Chairman, information on the fulfillment of Management Board's resolutions shall be gathered by Secretary of the Management Board. Secretary of the Management Board shall have the

right to request the persons in charge to provide any information concerning the implementation of Management Board's resolutions taking into account the confidentiality restrictions.

10.3. Secretary of the Management Board shall prepare extracts from the Minutes of the Management Board meeting and send them for execution to persons named in the Minutes of the Management Board meeting as persons in charge.

10.4. Chairman of the Management Board shall have the right to make decision on the extension of timeframes for the fulfilment of the decisions made, but not more than for three months. Extension of the timeframes for the fulfillment of the decision for a longer period shall be made by the resolution of the Management Board.

10.5. Before each meeting Secretary of the Management Board informs Chairman of the Management Board about all instances of nonobservance of decisions implementation (closing) dates.

## **11. Procedure of making changes to the Bylaw on the Management Board**

11.1. Changes to the present Bylaw shall be made on the initiative of the President of the Company, the Board of Directors, Management Board itself and auditing commission, and shall be approved by the General shareholders meeting.

11.2. In case norms of this Bylaw come into conflict with the requirements of the current RF legislation, norms of the current RF legislation shall apply. This Bylaw remains in force in the part that does not contradict the RF legislation.