

**STATUTE ON THE BOARD OF DIRECTORS**  
of the Public Joint –Stock Company "Southern  
Telecommunications Company"

Krasnodar  
2008

Public Joint –Stock Company  
"Southern Telecommunications  
Company"

Statute on the Board of  
Directors of the Public  
Joint –Stock Company  
"Southern  
Telecommunications  
Company"

APPROVED by  
Annual General Shareholders' Meeting  
of "UTK" PJSC  
Minutes № 19 of  
17<sup>th</sup> June 2008

Chairman of the Annual General  
Shareholders' Meeting of "UTK" PJSC

\_\_\_\_\_ A.V. Andreev

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## **1. GENERAL PROVISIONS**

1.1. Pursuant to the Civil Code of the Russian Federation, Federal law “On Joint Stock Companies” and the Charter of the Company the present Provisions on the Board of Directors (hereinafter – the Provisions) shall determine the procedure for calling and conducting the meetings of the Board of Directors, amount of remunerations and compensations to the members of the Board of Directors of the Company and their payment procedure.

1.2. The Board of Directors is the collegiate governing body of the Company executing general management of its activity except for the issues referred by the federal legislation and the Charter of the Company to the exclusive competence of the General Shareholders’ Meeting.

## **2. BUSINESS OBJECTIVES AND PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS**

2.1. Business objectives of activity of the Board of Directors shall be gaining maximum profit, increasing assets value of the Company, protecting rights and legitimate interests of shareholders, ensuring completeness, reliability and objectivity of the public information on the Company.

2.2. When realizing the business objectives the Board of Directors shall be obliged to follow the principles stated below:

- taking resolutions based on reliable information on the Company’s activity;
- preventing restrictions of the shareholders’ rights to participate in managing the Company’s activities, receive dividends and information on the Company;
- achieving the balance the interests between different groups of shareholders and taking the most objective decisions in the interests of the Company shareholders.

## **3. RIGHTS AND OBLIGATIONS OF A MEMBER OF THE BOARD OF DIRECTORS, ORDER OF THEIR EXERCISE**

3.1. A Member of the Board of Directors shall have the right:

3.1.1. to require in written form both available to the general public and insider information (documents) from the Company’s officials in accordance with the procedure set by the Company’s by-laws;

3.1.2. to get compensation of expenses related to execution of their functions as members of the Board of Directors in accordance with the procedure set herein.

If the current legislation of the Russian Federation does not impose a ban on their participation in the governing body of a commercial organization on a paid basis, to get remuneration for execution of their functions of members of the Board of Directors in accordance with the procedure set herein, or to exercise their functions of members of the Board of Directors on a gratis basis;

3.1.3. to require entering into the minutes of the meeting of the Board of Directors his individual opinion on items of the agenda and the decisions taken.

3.2. A Member of the Board of Directors shall meet the following obligations:

3.2.1. to be loyal to the Company, that is, to abstain from using his position in the Company in the interests of other persons;

3.2.2. to act within his rights in accordance with business objectives and principles of the Board of Directors;

3.2.3. to act reasonably and in good faith with respect to the Company's affairs;

3.2.4. to keep secret confidential information about the Company's operations known by him owing to execution of the functions of a member of the Board of Directors, access to which is restricted according to the legislation of the Russian Federation and internal documents of the Company;

3.2.5. to initiate meetings of the Board of Directors for considering urgent matters;

3.2.6. to take part in taking decisions by the Board of Directors by voting on agenda issues of its meetings;

3.2.7. to take reasoned decisions, in relation with thereto to study all necessary information (materials);

3.2.8. to estimate risks and adverse consequences when taking decisions;

3.2.9. to inform timely the Company of his affiliation and changes therein;

3.2.10. to notify the Board of Directors in writing of the fact of ownership of the Company's securities, of their intention to enter into transactions with the securities of the Company or its subsidiaries and affiliates as well as of the effected transactions with such securities;

3.2.11. to notify the Company in writing of the fact that the current legislation of the Russian Federation imposes (lifts) a ban on their participation in the governing body of a commercial organization on a paid basis;

3.2.12. to notify the Company in writing of their intention to exercise the functions of members of the Board of Directors on a gratis basis.

3.3. Activity of a member of the Board of Directors shall be continuous and shall not be limited to participation in decision-making by the Board of Directors.

3.4. At the written request of a member of the Board of Directors the Company shall be obliged to provide him an unlimited access to information (documents) mentioned in sub-item 3.1.1. hereof.

The required information and documents shall be presented for familiarization to a member of the Board of Directors within five days after filing the corresponding request, provided other period is not prescribed by the Company's internal documents regulating the procedure for giving such information (documents).

At the request of a member of the Board of Directors the Company shall be obliged to give him the copies of all required documents.

3.5. The Company is entitled to demand proper discharge of his (her) duties by a member of the Board of Directors.

A member of the Board of Directors shall be liable to the Company for the default (improper discharge) of his duties and for the losses caused by his actions.

The Company has the right to sue a member of the Board of Directors for the damages caused by his culpable actions (inactions).

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

4.1. Chairman of the Board of Directors shall be elected by the members of the Board of Directors among its members at their first meeting by the majority of votes of the Board of Directors members attending the meeting.

4.2. The person acting as the Company's individual executive body cannot be at the same time the Chairman of the Board of Directors.

4.3. The Board of Directors shall have the right to reelect its Chairman at any time.

4.4. Members of the Board of Directors shall have the right to elect Vice-Chairman. Should the Chairman of the Board of Directors be absent, all his powers (including the power to sign documents) shall be delegated to the Vice-chairman, should the latter be absent too – to one of the members of the Board of Directors upon the resolution of the Board of Directors approved by the majority of votes of the members attending the meeting.

4.5. Chairman of the Board of Directors shall arrange the work of the Board of Directors, convene its meetings and preside there, organize keeping of the Minutes at the meetings.

4.6. Chairman of the Board of Directors shall have no right to delegate his functions to another person.

## **5. ENSURING THE BOARD OF DIRECTORS ACTIVITY**

5.1. The Corporate Secretary of the Company shall ensure the work of the Board of Directors. Functions of the Corporate Secretary on ensuring the work of the Board of Directors are determined in the Provisions on the Corporate Secretary and Office of the Corporate Secretary.

5.2. Should the Corporate Secretary be absent, the work of the Board of Directors is ensured by another person appointed by the Board of Directors for the period of absence of the Corporate Secretary.

## **6. MEETING OF THE BOARD OF DIRECTORS**

6.1. Meeting of the Board of Directors can be held in the form of joint personal presence (incl. conference calls) or absentee voting.

6.2. Meetings of the Board of Directors shall be held on a regular basis in accordance with schedule of work approved at the Board of Directors meeting. In case of need Board of Directors shall consider issues not included in the schedule of work.

In order to enhance the efficiency of the Board of Directors' decisions and to strengthen the role of independent directors, at least 15% of its meetings should be held in the form of personal presence of directors.

6.3. Meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors on his own initiative, upon the request of a member of the Board of Directors, a Committee of the Board of Directors, the Auditing Commission, the Company's Auditor, individual or collegiate executive body, head of the Internal Audit Department, as well as by request of a shareholder (shareholders) owning in the aggregate 5 (five) or more percent of the Company's voting shares.

The agenda of a meeting shall be determined by the Chairman of the Board of Directors taking into consideration the approved Plan of work of the Board of Directors and the received requests of the persons listed in the first paragraph herein.

6.4. A request for convening the meeting of the Board of Directors shall contain the following information:

6.4.1. name of the person being initiator of the meeting as well as name of the body or legal entity submitting the request.

6.4.2. number and type of shares owned by the shareholder being initiator of the meeting;

6.4.3. form of holding the meeting (joint presence or absentee voting);

6.4.4. date of holding the meeting in the form of joint presence or, in case of holding the meeting in the form of absentee voting, final date of voting on agenda items by members of the Board of Directors;

6.4.5. agenda of the meeting;

6.4.6. list of information (materials) provided to the members of the Board of Directors for the meeting;

In addition, the request for convening the meeting of the Board of Directors can contain the following information:

6.4.7. time and venue of the meeting to be held in the form of joint personal presence;

6.4.8. draft resolutions on the agenda issues as well as information about the nominees to be elected (appointed) to bodies and positions at the Company, if the proposed agenda includes the issues on election (appointment) of such bodies and persons;

6.4.9. other information at the discretion of the initiator of the meeting.

6.5. Notice of the Board of Directors' meeting shall be sent to each member of the Board of Directors together with all necessary materials not later than 14 business days prior to the date of the meeting (and in case of holding a meeting by absentee voting – prior to the final date of voting) .

The above time limits can be reduced if it is necessary to urgently resolve any matters, provided none of the members of the Board of Directors objects. Opinion of a member of the Board of Directors expressed in writing and received by the Company in any form of sending notice of the meeting of the Board of Directors stipulated in this item, not later than the date indicated in the notice of the necessity to resolve matters in a shorter space of time, shall be considered as an objection.

Should, in accordance with the current legislation, the meeting of the Board of Directors be convened within a tighter time schedule, the time period for sending notification and all necessary materials shall be shortened.

Notice of the meeting of the Board of Directors shall be forwarded to the members of the Board of Directors in written form or in other suitable for them form (including by post, cable, telex, telephone, e-mail or other). Notice of the meeting of the Board of Directors shall contain information specified in sub-items 6.4.3.-6.4.8. herein and the address, at which the members of the Board of Directors can send their written opinions. The bodies and persons entitled to request convening of a session of the

Board of Directors may include additional items into the agenda of the session, provided none of the members of the Board of Directors objects. The proposal to include an additional item into the agenda of the meeting to be held shall be submitted in written form and shall contain the wording of such agenda item as well as the information specified in sub-items 6.4.1, 6.4.2, 6.4.6 hereof. The bodies and persons, at whose request the meeting is convened (an additional item is included into the agenda of the meeting), are entitled to withdraw in writing their proposal at any time till the moment of summing up voting results on the proposed agenda items. Opinion of a member of the Board of Directors expressed in writing and received by the Company in any form of sending notice of the meeting of the Board of Directors stipulated in this item, not later than the date indicated in the notice of the inclusion of an additional item into the agenda of the meeting, shall be considered as an objection against the inclusion of an additional item into the agenda of the meeting.

Should the circumstances arise making it impossible or difficult to hold the meetings of the Board of Directors in place and (or) in time, of which the members of the Board of Directors have been notified, the meeting with the planned agenda shall be held in a different place and (or) at a different time. All members of the Board of Directors shall be informed about the changes in the venue and (or) time of the meeting of the Board of Directors taking into account the time that is normally required for the members of the Board of Directors to arrive at the meeting. Notification of the said changes shall be sent to the members of the Board of Directors in any form guaranteeing that a member of the Board of Directors will receive the notification at his place of business or at the address to which he receives his mail. All members of the Board of Directors shall be informed about the changes in the agenda of the meeting in order established for notification on the meeting. The first (organizational) meeting of the Board of Directors shall be held without prior notification on the date of the General Shareholders' Meeting at which the Board of Directors has been elected (if the resolution on the election of the members of the Board of Directors as well as the voting results on it have been announced at the General Meeting of the Shareholders, in the course of which the voting was held).

6.6. When decisions are taken by the Board of Directors at a meeting held in the form of joint presence, the members of the Board of Directors attending the meeting shall express their opinion on the agenda items by voting.

If a member of the Board of Directors cannot attend in person the meeting held in the form of joint presence, as well as in case of holding the meeting in the form of absentee voting, a member of the Board of Directors shall be entitled to submit his/her opinion on the agenda issues in written form..

6.7. Written opinion of a member of the Board of Directors can be expressed in one of the following ways:

6.7.1. submitting written conclusion on the agenda issues.

Written conclusion shall contain voting instructions of a member of the Board of Directors on each agenda issue on which he/she is entitled to vote, expressed by words "for", "against" or "abstained". If a member of the Board of Directors gives the voting instruction expressed by the word "for", then the draft resolution, in favor of which the member of the Board of Directors votes, shall be formulated (the draft resolution proposed in the notice of the meeting of the Board of Directors, or the draft resolution changed by the member of the Board of Directors at his/her own discretion).

Written conclusion of a member of the Board of Directors who is not entitled to vote on the agenda issue, may include wording of the draft resolution in favor of which it is proposed to vote for the members of the Board of Directors entitled to vote on the

agenda issue (the draft resolution proposed in the notice of the meeting of the Board of Directors, or the draft resolution changed by the member of the Board of Directors at his/her own discretion) ) or the proposal to vote against or to abstain from voting on the draft resolution made by the initiator of consideration of the agenda issue.

Written conclusion of a member of the Board of Directors may include:

- remarks on the submitted materials (information), requiring specific corrections to be introduced into the submitted materials (information);

- comments (interpretation) on the submitted materials (information), descriptive criticisms not requiring corrections in the submitted materials (information) in respect of which the decision is to be taken;

- requests to the Company or to the initiators of consideration of the agenda issue to provide to his/her address additional information on the issue which is interesting to him/her but not obligatory for decision-making and which presentation has no influence on voting instructions;

- requests to the Company to provide to his/her address copies of materials (information) stipulated by the decisions of the Board of Directors, if they are approved.

6.7.2. written inquiry of a member of the Board of Directors on the draft resolution on the agenda issues proposed in the notice of the meeting of the Board of Directors. Such inquiry shall be made only when members of the Board of Directors failed to provide written conclusions to the meeting held in the form of absentee voting.

6.7.3. written inquiry of a member of the Board of Directors for the meeting held in the form of absentee voting in respect of the draft resolutions on the agenda issues formulated in the written conclusions submitted by members of the Board of Directors. If none of the written conclusions contains the instruction to vote for some agenda issue, inquiry on such agenda issue shall be made in respect of the draft resolution proposed in the notice of the meeting of the Board of Directors.

6.7.4. written inquiry of a member of the Board of Directors, who plans not to attend the meeting held in the form of joint presence, in respect of the draft resolutions on the agenda issues proposed in the notice of the meeting of the Board of Directors.

6.7.5. written inquiry of a member of the Board of Directors who is absent at the meeting held in the form of joint presence, in respect of the draft resolutions on the agenda issues worked out by the members of the Board of Directors attending the meeting.

Written inquiry of members of the Board of Directors shall be conducted by filling up questionnaires by them which have been formulated by the Corporate Secretary.

6.8. If a meeting of the Board of Directors is to be held in the form of absentee voting, then questionnaires shall be prepared and sent to members of the Board of Directors on the last business day preceding the final date of voting by members of the Board of Directors. Inquiry on written conclusions of members of the Board of Directors shall be conducted in respect of the written conclusions received before the date of sending the questionnaires.

If only one written conclusion has been received within the time period indicated in paragraph 1 herein, questionnaires shall be prepared for each member of the Board of Directors, except for the one who has presented his written conclusion. Such questionnaires shall include draft resolutions on the agenda issues, contained in the received written conclusion, as well as the draft resolutions, proposed in the notice of the meeting of the Board of Directors, on the agenda issues in respect of which the received written conclusion contains the voting instructions, expressed by words "against" or "abstained".

If two and more written conclusions have been received within the time period indicated in paragraph 1 herein, questionnaires shall be prepared for all members of the

Board of Directors, including those presented their written conclusions. Such questionnaires shall include draft resolutions on the agenda issues, contained in each of the received written conclusion, as well as the draft resolutions, proposed in the notice of the meeting of the Board of Directors, on the agenda issues in respect of which none of the received written conclusions contains the voting instruction, expressed by word “for”.

6.9. If a meeting of the Board of Directors is to be held in the form of joint presence, the member of the Board of Directors who plans not to attend the meeting and not to express his/her opinion in written form, shall be entitled to present the written conclusion on the agenda items or to make a request to the Corporate Secretary to prepare a questionnaire for him/her containing the draft resolutions on the agenda items, proposed in the notice of the meeting of the Board of Directors. Such questionnaire shall be prepared and sent to the member of the Board of Directors not later than 1 business day after the date of request. If in accordance with paragraph 3 of item 6.11 herein a member of the Board of Directors who was absent at the meeting but presented his/her written opinion prior to the meeting, shall be inquired on the draft resolutions of the agenda issues, worked out by the members of the Board of Directors attending the meeting. The questionnaire shall be prepared and sent to the member of the Board of Directors on the date of the meeting immediately after working out of the draft resolutions.

6.10. Should a meeting of the Board of Directors be held in the form of absentee voting, the following written opinions of members of the Board of Directors shall be taken into account when determining the quorum and summing up the voting results, depending on the number of submitted written conclusions:

6.10.1. If only one written conclusion has been received within the time period indicated in paragraph 1 of item 6.8 herein, the following written opinions shall be taken into account:

- written conclusion,
- duly presented questionnaires containing only one variant of voting (“for”, “against”, “abstained”) in respect of each draft resolution on the agenda issues.

6.10.2. If two and more written conclusions has been received within the time period indicated in paragraph 1 of item 6.8 herein, duly presented questionnaires containing only one variant of voting (“for”, “against”, “abstained”) in respect of each draft resolution on the agenda issues, shall be taken into account. Variant of voting “for” can be left in respect of only one version of the draft resolution on the agenda item. A member of the Board of Directors, who presented his/her written conclusion in advance, shall be entitled to:

- confirm his/her voting instruction on the agenda item by voting in favor of the version of the draft resolution contained in the presented written conclusion,
- or
- change his/her voting instruction by voting in favor of different version of the draft resolution.

Questionnaire of a member of the Board of Directors shall be deemed duly presented if it is received no later than on the final date of voting, signed by the member of the Board of Directors and does not contain any marks and notes unforeseen by the questionnaire form.

6.11. Should a meeting of the Board of Directors be held in the form of joint personal presence, written opinions of the absent members of the Board of Directors

presented before the opening of the meeting shall be taken into account when determining the quorum and summing up the voting results.

The Chairperson of the meeting held in the form of joint presence shall be obliged to read out the written opinion of a member of the Board of Directors not attending the meeting of the Board of Directors prior to voting on the agenda item on which this opinion has been presented. Should such opinion be presented in the form of written conclusion containing remarks on the submitted materials (information) on the agenda item, which require specific corrections to be introduced into the submitted materials (information), and/or draft resolutions on the agenda issues changed at his/her own discretion, then each member of the Board of Directors present at the meeting shall vote on the presented written opinion.

If the members of the Board of Directors present at the meeting have worked out the draft resolutions different from those indicated in the written opinion of the absent member of the Board of Directors, he/she should be inquired in respect of each draft resolution put to vote within the day of the meeting. In this case the draft resolutions on the agenda items contained in his/her written opinion received earlier as well as the draft resolutions worked out by the present members of the meeting shall be included in the questionnaire. The absent member of the Board of Directors shall leave only one variant of voting ("for", "against", "abstained") in respect of each version of the draft resolutions on the agenda issues. Variant of voting "for" can be left in respect of only one version of the draft resolution on the agenda item. An absent member of the Board of Directors shall be entitled to:

- confirm his/her voting instruction on the agenda item by voting in favor of the version of the draft resolution contained in his/her written opinion presented in advance,
- or
- change his/her voting instruction by voting in favor of the version of the draft resolution worked out at the meeting.

6.12. Before taking a decision on the issue, the preliminary consideration of which was accomplished by the committees of the Board of Directors, members of the Board of Directors shall have the possibility of getting acquainted with recommendations of the relevant committees in advance.

6.13. Each member of the Board of Directors shall be entitled to cast one vote when approving resolutions at the meeting of the Company's Board of Directors.

Member of the Board of Directors shall not be entitled to delegate his voting right to any other person including other member of the Board of Directors.

In taking decisions by the Board of Directors, the Chairman of the Board of Directors shall have the right of the casting vote in case of parity of votes of members of the Board of Directors.

In the event that in accordance with the Company's Charter the decision is passed by the majority of three quarters of votes or unanimously by all members of the Board of Directors without taking into account the votes of the retiring members of the Board of Directors, then the deceased, missing and incapable members shall be regarded as retiring members of the Board of Directors.

6.14. Minutes shall be kept at the meeting of the Board of Directors.

The minutes of the Board of Directors shall be drawn up not later than 3 (three) days after holding the meeting in the form of joint personal presence (final date of voting by members of the Board of Directors in case of absentee voting).

The Minutes of the meeting shall include:

- Venue and time of the meeting held in the form of joint personal presence or, in case of absentee voting, place of drawing up minutes and the final date of voting by members of the Board of Directors;
- Names of the persons attending the meeting (if the meeting is held in the form of joint personal presence); members of the Board of Directors (with indication if they are entitled to vote of the agenda items) and invitees;
- Members of the Board of Directors who submitted their written opinions (with indication if they are entitled to vote of the agenda items);
- Agenda of the meeting;
- Draft resolution on the agenda issues put to the vote and voting results on them;
- Adopted resolutions;
- Individual opinions expressed by members of the Board of Directors;

The Minutes of the Board of Directors meeting shall be signed by the Chairman of the meeting and the Corporate Secretary of the Company.

Copies of the signed Minutes shall be sent to all members of the Board of Directors within 3 business days after the date of their signature, provided the Company receives the corresponding written requests from them.

Should a written opinion of a Board of Directors member be taken into account when determining the quorum and the voting results on the agenda issues, the written opinions on the agenda issues received from the members of the Board of Directors shall be attached to the Minutes as annexes.

The Company shall keep the Minutes of the Board of Directors meetings at the seat of its executive body in accordance with the procedure and for the time periods set by the federal body for securities market. Should the period of time be not determined, the Company shall keep the Minutes of the Board of Directors meetings for the unlimited time period.

The Company shall be obliged to provide access to the Minutes of the Board of Directors meetings to shareholders, members of the Board of Directors, Auditing Commission, the Auditor of the Company.

Extracts from minutes of the Board of Directors meetings shall be given and signed by the Corporate Secretary and bear the stamp of the Company.

## **7. REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS AND COMPENSATION OF EXPENSES RELATED TO DISCHARGE OF THEIR DUTIES**

7.1. The Company shall bear expenses associated with the work of the Board of Directors. Among other the Company shall compensate documented expenses incurred by the members of the Board of Directors in connection with discharge of their duties.

Member of the Company's Board of Directors working on a paid basis shall receive remuneration for performing his/her duties as well as bonuses specified in item 7.7 hereof.

7.2. Remuneration to a member of the Board of Directors shall comprise quarterly and annual remunerations.

7.3. Quarterly remuneration to each member of the Board of Directors shall be established in the amount of 300, 000 rubles.

Remuneration to the Chairman of the Board of Directors shall be set with a raising coefficient 1.5.

Quarterly remuneration to a member of the Board of Directors shall be cut down by:

30 percent – in case of his attendance at less than a half of the Board of Directors meetings held in the form of personal attendance;

100 percent – in case of his participation in less than a half of all Board of Directors meetings being held.

If the personal structure of the Board of Directors and-or the conditions of performing the duties by a member of the Board of Directors (paid / gratis basis) have changed during the quarter, quarterly remuneration shall be calculated and paid in proportion to the hours worked by the member of the Board of Directors on a paid basis.

7.4. The annual remuneration for the entire body of the Board of Directors of the Company shall be rated as a sum total of deductions according to standards (percentage):

- from the Company's EBITDA for the reported year based on the Company's financial statements for the reported year compiled in accordance with IFRS ;

- from the Company's net profit allocated to dividend payment based on the financial results of the reporting year;

Annual remuneration for one member of the Board of Directors shall be determined as the amount calculated according to paragraphs 1 - 3 herein divided by the number of persons elected to the Board of Directors.

If the personal structure of the Board of Directors and-or the conditions of performing the duties by a member of the Board of Directors (paid / gratis basis) have changed during the period from election of the Board of Directors by the Annual General Shareholders' Meeting till the next Annual General Shareholders' Meeting, annual remuneration shall be calculated and paid in proportion to the hours worked by the member of the Board of Directors on a paid basis.

The annual remuneration to a member of the Board of Directors calculated according to the fourth and fifth paragraphs herein shall be reduced by 50 percent, should he/she attend less than a half of the Board of Directors meetings held during his/her term of office.

7.5. The standard (percentage) of deductions for calculation of the annual remuneration shall be approved by Annual General Shareholders' Meeting and used for calculation of the remuneration amount to be paid to the persons performing the duties of members of the Board of Directors till the next Annual General Shareholders' Meeting.

7.6. The annual remuneration shall be paid to a member of the Board of Directors not later than three months after termination of the term of office of the current membership of the Board of Directors.

7.7. Should a member of the Board of Directors be also a member of a Board Committee, the bonus of 60,000 rubles shall be paid to him/her in addition to the quarterly remuneration. A member of the Board of Directors shall not be at the same time a member of more than two Committees of the Board of Directors. This bonus for the Chairman of a Board of Directors' Committee shall be rated by a raising factor 1.25.

7.8. Member of the Board of Directors being a government employee shall not receive remuneration and bonuses set forth in item 7.2 hereof.

7.9. Members of the Board of Directors shall have the right to participate in option programs realized by the Company.

## **8. PROCEDURE FOR APPROVING THE PROVISIONS AND MAKING AMENDMENTS INTO THEM.**

8.1. The present Provisions shall be approved at the General Shareholders' Meeting by the majority of votes of the shareholders – owners of the Company voting shares.

8.2. Amendments and supplements to the present Provisions shall be approved at the General Shareholders' Meeting by the majority of votes of the shareholders – holders of the Company voting shares.

8.3. Should the changes of the legislation of the Russian Federation or the Charter of the Company result in contradiction with provisions set by the Articles of the present Provisions, the Provisions shall be valid in the part not contradicting the effective legislation and the Charter of the Company.