

Approved
by the Board of Directors of
Mobile TeleSystems
Open Joint Stock Company
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Minutes № 62

**Code of Corporate Conduct
Mobile TeleSystems
Open Joint Stock Company**

Moscow, 2004

Introduction

For the purposes of this Code, the term “Corporate Conduct” means actions or inactions of the Company’s shareholders, members of its governance bodies, and officers of the Company committed in the course of the exercise of their rights and performance of their duties in connection with their participation in governance of the Company.

Mobile TeleSystems Open Joint Stock Company (the “Company”) is one of the largest cellular communications operators.

As a public company whose shares and debt securities are traded on Russian and foreign stock markets, the Company recognizes the level of responsibility toward its shareholders and investors, and in this connection, and in order to establish fair and open rules of corporate conduct at the Company, adopts this code of corporate conduct.

Chapter 1. Principles of Corporate Conduct

Corporate conduct at the Company shall be founded on respect for the rights and legitimate interests of its participants and facilitate the effective operation of the Company, including by increasing the value of the Company’s assets, creating jobs, and maintaining the Company’s financial stability and profitability.

The Company declares its readiness to adhere to the following basic principles of corporate conduct in the course of its operations with respect to providing corporate governance:

1. Corporate conduct practices shall genuinely enable shareholders of the Company to exercise their rights associated with participation in the Company.
2. Corporate conduct practices shall ensure equal treatment of shareholders of the Company owning an equal number of shares of the same type (class). All shareholders of the Company shall have access to effective protection in the event of a violation of their rights.
3. Corporate conduct practices at the Company shall provide for strategic management of the Company’s business by the Board of Directors, effective control by the Board of Directors over activities of the Company’s executive body, and accountability of the members of the Board of Directors to its shareholders.
4. Corporate conduct practices shall enable the Company’s executive body to exercise effective management of the Company’s day-to-day activities reasonably, in good faith, and solely in the interests of the Company, and provide for accountability of the Company’s executive body (President) to the Company’s Board of Directors and shareholders.
5. Corporate conduct practices at the Company shall ensure timely disclosure of full and accurate information about the Company, including its financial position, economic performance, and ownership and management structures for the purpose of enabling shareholders and investors of the Company to make informed decisions.

6. Corporate conduct practices at the Company shall take into account the statutory rights of interested parties, including employees of the Company, and encourage active cooperation between the Company and interested parties for the purpose of increasing the Company's assets and the value of its shares and other securities and creating new jobs.
7. Corporate conduct practices at the Company shall ensure effective control over the financial and business operations of the Company for the purpose of protecting the rights and legitimate interests of its shareholders.

Chapter 2. Shareholders and the General Meeting of Shareholders

- 2.1. The general meeting of shareholders of the Company is the highest governance body of the Company, through participation in which shareholders are able to exercise their rights to participate in governance of the Company. The competence of the general meeting of shareholders is defined by legislation and the Company's charter.
- 2.2. For purposes of enabling shareholders of the Company to prepare for general meetings, all shareholders of the Company will be notified of a general meeting of shareholders no later than 30 days before the meeting, unless a longer period is provided by current legislation.
- 2.3. The Company will enable shareholders to familiarize themselves with the list of persons entitled to participate in a general meeting of shareholders in the manner and on the terms provided by current legislation.
- 2.4. The Company will endeavor that the information provided in preparation for a general meeting of shareholders and the manner in which such information is provided enable the Company's shareholders to gain a complete picture of the issues put to the general meeting for consideration and to adopt informed decisions on agenda items. Items on the agenda of a general meeting of shareholders shall be defined, and the materials regarding agenda items shall be formulated, in such a way as to eliminate, as far as possible, the possibility of different interpretations.
- 2.5. As far as possible the Company will independently verify against the register that shareholders are entitled to demand the calling of a general meeting of shareholders and to submit proposals for the agenda of the meeting. If rights to shares are recorded in a depository account, the shareholder shall confirm such rights by submitting a statement of the account at the depository named as nominee holder in the Company's register of shareholders.
- 2.6. When the date, time, and place of a general meeting of shareholders are selected, the need to provide the shareholders of the Company with a genuine and easily exercisable opportunity to participate in the meeting will be taken into account.
- 2.7. In establishing procedures for conducting (rules) of a general meeting of shareholders, the Company will take into account the need to provide all persons attending the meeting with a reasonably equal opportunity to express their opinions and ask questions.

- 2.8. The procedure established at the Company for registering the participants in a general meeting of shareholders will not hinder the participation of persons included in the list of persons entitled to participate in the meeting or their representatives. Any shareholder of the Company wishing to participate in a general meeting of shareholders, provided that he complies with the registration formalities, will have such opportunity to participate in the meeting.

Chapter 3. Board of Directors

- 3.1. The Board of Directors of the Company is the Company's collective governance body, and exercises general management of the Company's operations, except in matters assigned by legislation and the Company's charter to the competence of the general meeting of shareholders. The competence of the Board of Directors is determined by legislation and the Company's charter. Procedures for organizing activity and preparing for and holding meetings are defined by the Bylaw on the Board of Directors adopted at the Company.
- 3.2. The Board of Directors determines the development strategy of the Company and adopts the annual budget (financial and business plan) of the Company. The Board of Directors shall ensure effective supervision of the Company's financial and business operations.
- 3.3. The Board of Directors ensures that the rights of the Company's shareholders can be exercised, ensures the protection of such rights, and facilitates the resolution of corporate conflicts at the Company.
- 3.4. The Board of Directors controls the efficiency of the executive body (President) of the Company,.
- 3.5. The Company will recommend that the shareholders of the Company elect a Board of Directors comprising all categories of directors as requested by legislation: executive, nonexecutive, and independent.
- 3.6. Independent directors shall refrain from actions that may compromise their independent status. If, after being elected to the Board of Directors, an independent director ceases to be independent due to changes or new circumstances, such director shall send a notice to the Board of Directors setting out such changes and circumstances.
- 3.7. Members of the Board of Directors shall perform their duties reasonably and in good faith in the interests of the Company, i.e., in exercising their rights and performing their duties provided by legislation, the charter, and other internal documents of the Company shall show the care and prudence expected of a good manager in a similar situation under similar circumstances.
- 3.8. Members of the Board of Directors shall refrain from voting in situations where they have a personal interest in the adoption of resolutions on the matter in question.
- 3.9. Members of the Board of Directors shall actively participate in meetings of the Board of Directors and committees of the Board of Directors.

- 3.10. Members of the Board of Directors should take steps to protect confidential information pertaining to the Company.
- 3.11. At meetings of the Board of Directors its members shall be provided with the opportunity to express their points of view on all matters under discussion.
- 3.12. Members of the Board of Directors will have the opportunity to obtain all information necessary for performance of their duties.
- 3.13. If necessary, committees of the Board of Directors will be created for the purpose of preliminary examination of the most important matters within the competence of the Board of Directors.
- 3.14. Remuneration may be paid to the members of the Board of Directors only pursuant to a resolution of the general meeting of shareholders.

Chapter 4. Executive Body

- 4.1. The executive body of the Company is an individual executive body, the President of the Company.
- 4.2. The President of the Company is charged with day-to-day management of the Company's operations and is responsible for attainment of the Company's objectives and implementation of the Company's strategies and policies.
- 4.3. The President of the Company shall serve the interests of the Company, that is, manage the Company's operations so as to provide both for the earning of dividends by shareholders and for the possibility of growth of the Company itself.
- 4.4. The President of the Company shall act in accordance with the Company's financial and business plan.
- 4.5. The President of the Company shall act reasonably and in good faith in the interests of the Company, i.e., in exercising his rights and performing his duties defined in the charter shall show the care and prudence expected of a good manager in a similar situation under similar circumstances.
- 4.6. The duties of the President of the Company include ensuring that the Company's operations are carried out in strict conformity with legislation, the charter, and other internal documents of the Company, and in conformity with the policies conducted by the Board of Directors and shareholder resolutions
- 4.7. The President of the Company shall refrain from actions that would give rise to a conflict between his interests and the interests of the Company, and if such a conflict arises shall immediately inform the Board of Directors.
- 4.8. The President of the Company shall not divulge confidential and insider information about the Company or use such information in his personal interests or the interests of third parties.

- 4.9. The Company will endeavor that shareholders be provided with full information on the candidate or candidates for President of the Company.

Chapter 5. Corporate Secretary

- 5.1. The Company proposes to establish the position of corporate secretary of the Company, whose functions will include:
- ensuring the preparation and holding of general meetings of shareholders of the Company in accordance with statutory requirements and the requirements of the charter and other internal documents of the Company;
 - ensuring the preparation and holding of meetings of the Board of Directors;
 - ensuring compliance with requirements governing the keeping and disclosure (provision) of information about the Company established by legislation, the charter, and other internal documents of the Company;
 - ensuring due consideration by the Company of petitions from shareholders and the resolution of conflicts associated with a violation of the rights of shareholders of the Company.
- 5.2. The resolution establishing the position of corporate secretary of the Company and appointing a person to that position will be adopted by the Board of Directors.

Chapter 6. Disclosure of Information about the Company

- 6.1. When disclosing information the Company will proceed on the basis of the need to comply with the basic principles governing disclosure of information about the Company, including its availability on a regular and timely basis, accessibility to most shareholders and other interested parties, completeness and fair presentation, and a reasonable balance between the transparency of the Company and its commercial interests.
- 6.2. The Company proposes to formulate its information policy on the basis of the need to ensure unhindered and easily obtained access to information about the Company. In particular, the Company will publish on its Internet website the Company's basic corporate documents (the charter and amendments thereto), quarterly reports, and information on material facts.

Chapter 7. Review Commission

- 7.1. The Company's financial and business operations will be supervised by the Company's Review Commission and the Company's independent audit organization (auditor).
- 7.2. In the course of audits conducted by the Review Commission, its members will be provided with all necessary documents of the Company, and members of the Company's governance bodies and the Company's officers shall answer the questions of the Review Commission and provide commentary on the Company's operations as required by the Review Commission.

- 7.3. The Review Commission is a collective body, and decisions of the Review Commission shall be taken at meetings (direct or remote) of the committee. A quorum for a meeting of the Review Commission shall be one half of its elected members. Resolutions at a meeting of the Review Commission shall be adopted by majority vote of its members participating in the meeting.
- 7.4. An opinion of the Company's Review Commission shall be signed by all members of the Review Commission personally. A member of the Review Commission who disagrees with an opinion of the Review Commission may prepare a dissenting opinion, which shall be attached to the Review Commission's opinion and form an integral part thereof.
- 7.5. If a member of the Review Commission neither signs the Review Commission's opinion nor prepares a dissenting opinion, the reasons therefor shall be stated in the opinion.
- 7.6. For the purpose of regulating the procedures governing the Review Commission's activities, i.e., the conduct of audits, a Bylaw on the Review Commission shall be adopted at the Company.

Chapter 8. Dividends

- 8.1. The Company will endeavor to establish a mechanism for determining the amount of dividends and their payment that is transparent and intelligible to the Company's shareholders.
- 8.2. A resolution adopted by the Company's general meeting of shareholders concerning the payment of dividends must allow a shareholder of the Company to obtain necessary information regarding the amount and procedure for payment of the dividends. In this regard, a resolution to pay dividends will specify the amount of the dividends on shares of each class (type) and the form and date of payment of the dividends.

Chapter 9. General Provisions

- 9.1. This Code is a list of the basic principles and rules that participants in corporate relations shall voluntarily observe in governance of the Company.
- 9.2. This Code shall be approved and amended by resolution of the Company's Board of Directors.