

APPROVED

by the Annual General Meeting of the Shareholders
of the Open Joint-Stock Company

North-West Telecom

Minutes No. 01-09 from 25.06.2009

Chairperson of the General Meeting of the Shareholders

_____ V.A. Akulich

PROVISIONS

on the Board of Directors

of the Open Joint-Stock Company

North-West Telecom

(version 07-09)

1. GENERAL

1.1. In accordance with Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies and the Company's Charter (Articles of Association), the present Provisions on the Board of Directors (hereinafter referred to as the Provisions) shall determine the procedure for convening and holding meetings of the Board of Directors, the amount and procedure of paying remunerations and compensations to members of the Board of Directors of the Company, as well as other issues of the activity of the Company's Board of Directors.

1.2. The Board of Directors is a collective managing body of the Company, exercising the general management of its activities, except for resolving the matters assigned by the federal laws and the Articles of Association of the Company in the terms of reference of the General Meeting of the Shareholders of the Company.

1.3. Contracts may be entered into with members of the Board of Directors. Such contracts may be signed on behalf of the Company by the Chairperson of the Board of Directors.

2. PURPOSES AND PRINCIPLES OF ACTIVITY OF THE OF THE BOARD OF DIRECTORS

2.1. Purposes of activity of the Board of Directors are to ensure the maximum profit and to increase the Company's assets, to protect the rights and legal interests of the shareholders, and to guarantee the completeness, reliability and objectivity of public information on the Company.

2.2. To implement the purposes of activity the Board of Directors shall be guided by the following principles:

- taking resolutions on the basis of reliable information on the Company's activity;
- precluding restrictions of the rights of shareholders to participate in managing of the Company's activities, receiving dividends and information about the Company;
- achieving the balance of interests between different groups of shareholders and taking the most objective decisions in the interests of all shareholders of the Company by the Board of Directors.

3. RIGHTS AND DUTIES OF A MEMBER OF THE BOARD OF DIRECTORS. PROCEDURE OF EXERCISING THEM

3.1. A member of the Board of Directors has the right to:

3.1.1. submit written requests to the Company for the provision of the Company's information (documents), including information available to the public as well as other information classified by the Company as insider information, as provided by the Company's bylaws;

3.1.2. receive the compensation of the expenses, related to execution of duties of a member of the Board of Directors of the Company according to the procedure provided for by the present Provisions;

In case there is no prohibition for his participation on a paid basis in the work of a management body of a commercial organization determined by current legislation of the Russian Federation, to receive a remuneration for executing his functions of a member of the Board of Directors of the Company in compliance with the procedure determined by the present Provisions, or fulfill the functions of a member of the Board of Directors free of charge;

3.1.3. request entering into the minutes of the meeting of the Board of Directors his individual opinion on issues of the agenda and the decisions taken.

3.2. A member of the Board of Directors shall:

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

3.2.2. act within his rights in accordance with the purposes and principles of activities of the Board of Directors;

3.2.3. act reasonably and conscientiously with respect to the Company's affairs;

3.2.4. not disclose the confidential information on the Company's activity that has become known to him;

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

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

3.2.7. take grounded decisions, for which purpose to study all the necessary information (materials);

3.2.8. when taking decisions, to assess the risks and adverse consequences;

3.2.9. inform the Company in due time on his affiliation and changes therein; including the facts of his participation in the management bodies or in the capital of other legal entities;

3.2.10. inform the Company in due time (according to provisions of Chapter XI of the Federal Law “On Joint-Stock Companies”):

on legal entities, in which he owns independently or jointly with his affiliated party (parties) 20 (twenty) or more per cent of the voting shares (parts);

on legal entities, in the management bodies of which he holds positions;

on transactions being made or expected and known to him in which he may be considered as interested party.

The information shall be presented by a Member of the Board of Directors within 10 days (from the date it became known to a Member of the Board of Directors) to the Secretary of the Board of Directors, in writing and in computer-readable form. Control over timely distribution of the said information among divisions of the Company shall be the responsibility of the Secretary of the Board of Directors.

If, as a result of failure to provide the said information through the fault of a member of the Board of Directors or failure to provide it in due time, any property damage is inflicted to the Company, the liability of the member of the Board of Directors to the Company shall be equal to the amount of the damage inflicted.

In other cases a Member of the Board of Directors shall bear responsibility to the Company according to the procedure provided for by active laws of the Russian Federation.

3.2.11. to notify the Board of Directors in writing on the fact of holding the securities of the Company, on any intention to make a transaction with any securities of the Company or of its affiliates (subsidiaries), and on any transactions with any such securities.

3.2.12. notify the Company in writing on imposing (removing) a prohibition on his participation in a management body of a commercial organization determined by current legislation of the Russian Federation;

(old version:

3.2.12. notify the Company in writing on imposing (removing) a prohibition on his participation on a paid basis in a management body of a commercial organization determined by current legislation of the Russian Federation;)

3.2.13. in case of his intention to execute the functions of a member of the Board of Directors free of charge, notify the Company thereof in writing.

3.2.14. observe the bylaws of the Company approved by the General Meeting of the Shareholders of the Company.

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

3.4. On request of a member of the Board of Directors expressed in writing, the Company shall ensure for him access to the information (documents) provided for under clause 3.1.1 of the present Provisions.

The requested information and documents shall be presented for familiarization to a member of the Board of Directors within five days after filing the corresponding request, unless the Company's bylaws determining the procedure of presenting such information (documents) provide for another period.

The Company shall, on request of a member of the Board of Directors, present to him the copies of documents necessary for him.

4. CHAIRPERSON OF THE BOARD OF DIRECTORS

4.1. The Chairperson of the Board of Directors shall be elected by members of the Board of Directors from among them at the first meeting by the majority of votes of members of the Board of Directors of the Company attending the meeting.

4.2. The person exercising the functions of the one-person executive body of the Company cannot at the same time be the Chairperson of the Board of Directors.

4.3. The Board of Directors shall have the right to re-elect the Chairperson of the Board of Directors at any time.

4.4. Members of the Board of Directors shall have the right to elect a Deputy Chairperson. In case the Chairperson of the Board of Directors of the Company is absent, all his functions (including the right of signing documents) shall be performed by his Deputy; and if the latter is absent, one of the members of the Board of Directors on resolution of the Board of Directors of the Company taken by the majority of votes of its members attending the meeting.

4.5. The Chairperson of the Board of Directors shall organize the work of the Board of Directors, convene its meetings, take chair at them, and organize keeping of the minutes at the meetings.

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

5. THE BOARD OF DIRECTORS FUNCTIONING SUPPORT

5.1. The Company's Corporate Secretary shall ensure operation of the Board of Directors. The duties of the Corporate Secretary regarding support of the Board of Directors functioning shall be determined by the Provisions on the Corporate Secretary and the Staff of the Corporate Secretary.

5.2. In case the Corporate Secretary is absent, another person appointed by the Company's Board of Directors for the period of the Corporate Secretary's absence shall ensure operation of the Board of Directors.

6. MEETING OF THE BOARD OF DIRECTORS

6.1. A meeting of the Board of Directors can be held in the form of joint presence (including the use of conference communications) or absentee voting.

6.2. Meetings of the Board of Directors can be held regularly in accordance with the job schedule approved by the meeting of the Board of Directors. If necessary, the Board of Directors shall consider the matters not included into the job schedule.

6.3. A meeting of the Board of Directors shall be convened by the Chairperson of the Board of Directors on his own initiative, on request of a member of the Board of Directors, a committee of the Board of Directors, Auditing Committee, Company Auditor, one-person or collective executive body of the Company, the Chief of the Internal Audit Department as well as on request of the shareholder(s) jointly owning at least 5 percent of the Company's voting shares.

The agenda of the convened meeting shall be determined by the Chairperson of the Board of Directors, taking into account the approved work plan of the Board of Directors and requests received from the persons mentioned in the first paragraph of this clause.

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

6.4.1. name of the initiator of convening or name of the body or legal entity making the request;

6.4.2. should a request on the convocation be made by a shareholder, the number and category (type) of the shares belonging to him;

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

6.4.4. date of holding the meeting in the form of joint attendance or, in case of holding the meeting in the form of absentee voting, final date for members of the Board of Directors to vote on agenda items;

6.4.5. agenda of the meeting;

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

Besides, the request on convening the meeting of the Board of Directors may contain the following information:

6.4.7. time and place of holding the meeting (in case of holding the meeting in the form of joint attendance);

6.4.8. draft decisions on the agenda items as well as candidates for the election (appointment) of bodies and persons, if the proposed agenda items include the election (appointment) of such bodies and persons;

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

6.5. Notification of convening the meeting of the Board of Directors shall be sent to each member of the Board of Directors together with the necessary materials at least 14 working days before holding the meeting (and in case the meeting is held in the form of absentee voting – before the voting final date).

Such a period may be reduced, if it is necessary to urgently solve any issues, provided neither member of the Board of Directors objects. The objection shall be the opinion of a member of the Board of Directors received by the Company in writing in one of the ways provided by this clause for sending the notice of the meeting, not later than the specified time in case the notice of consideration of issues in a shortened time is sent to members of the Board of Directors.

If, in accordance with the current legislation, the meeting of the Board of Directors shall be held within a tighter time schedule, the time period for sending a notification together with the necessary materials shall be shortened.

A notification of holding the meeting shall be sent to the members of the Board of Directors in writing or by any other method convenient for them (including mail, telegraph, teletype, telephone, electronic or other telecommunication).

A notification of holding the meeting shall contain the information indicated under sub-clauses 6.4.3. - 6.4.8 of the present Provisions as well as an indication to the address, to which the members of the Board of Directors can send their written opinion.

On the initiative of the bodies and persons entitled to request the convention of a meeting of the Board of Directors, additional items may be included by the Chairperson of the Board of Directors in the agenda of the convened meeting, provided that no member of the Board of Directors objects. The proposal to include an additional item in the agenda of the convened meeting shall be submitted in writing and contain a formulation of such item as well as the information under clauses 6.4.1, 6.4.2, 6.4.6 hereof.

The bodies and persons on the request of which the meeting is convened (the issue is included in the agenda of the meeting) shall have the right to revoke in writing their proposal at any time before the votes on the proposed issues are counted.

The objection against the inclusion of an additional item in the agenda of the convened meeting shall be the opinion of a member of the Board of Directors received by the Company in writing in one of the ways provided by this clause for sending the notice of the meeting, not later than the specified time in case the notice of inclusion of the additional item in the agenda is sent to members of the Board of Directors.

If circumstances arise that make it impossible or difficult to hold a meeting 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 may be held in a different place and (or) at a different time.

All members of the Board of Directors shall be notified on changes in the place 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. A 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 is receiving his mail.

All members of the Board of Directors shall be notified on changes in the agenda according to the procedure for notification of the meeting.

Without preliminary circulation of notifications on the date of the General Meeting of the Shareholders, at which the Board of Directors is elected, the first (organizational) meeting of the Board of Directors shall be held (if the resolution on election of members of the Board of Directors as well as the voting results on it were 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 the 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 session in the form of absentee voting, the member of the Board of Directors shall have the right to express his opinion on the agenda items in writing.

6.7. The written opinion of a member of the Board of Directors may be expressed in one of the following ways:

6.7.1. submission of a written statement on the agenda items.

The written statement must contain the vote of the member of the Board of Directors on each agenda vote, expressed using the formulations “for”, “against” or “abstained”. In case of voting “for”, the draft decision for which the member of the Board of Directors votes must be formulated (draft decision proposed at the time of notification of the meeting, or the draft decision modified by the member of the Board of Directors at his discretion).

The written statement of a member of the Board of Directors not entitled to vote on the agenda item may formulate the draft decision for which the members of the Board of Directors entitled to vote are recommended to vote (draft decision proposed at the time of notification of the meeting, or the draft decision modified by the member of the Board of Directors at his discretion) or the proposal to vote “against” or “abstained” on the draft decision proposed by the review initiator.

The written statement of a member of the Board of Directors may contain:

- remarks on the submitted materials (information) requiring specific corrections in the submitted materials (information);

- comments (interpretations) for the submitted materials (information), descriptive or critical remarks not requiring corrections in the submitted materials (information) on which the decision is to be made;

- requests to the Company or to the initiators of consideration of a specific agenda item for additional reference information pertaining to the issue, but not mandatory for decision-making, the provision of which does not affect his vote;

- requests to the Company for copies of materials (information) provided by decisions of the Board of Directors, if such decisions are made.

6.7.2. written questioning of the member of the Board of Directors on draft decisions on the agenda items proposed at the time of notification of the meeting. Such questioning shall be carried out only in the absence of written statements of members of the Board of Directors for the meeting held in the form of absentee voting.

6.7.3. written questioning of the member of the Board of Directors for the meeting held in the form of absentee voting, on draft decisions on the agenda items formulated in the written statements submitted by members of the Board of Directors. If no written statement contains the vote (proposal to vote) “for” in respect of any agenda item, the questioning for such item shall be carried out on the draft decision proposed at the time of notification of the meeting.

6.7.4. written questioning of the member of the Board of Directors intending to be absent at the meeting held in the form of joint presence, on draft decisions on the agenda items proposed at the time of notification of the meeting.

6.7.5. written questioning of the member of the Board of Directors absent at the meeting held in the form of joint presence, on draft decisions on the agenda items developed by the members of the Committee attending the meeting.

The written questioning of members of the Board of Directors shall be carried out by their completion of the questionnaires prepared by the Corporate Secretary.

6.8. In case the meeting is held in the form of absentee voting, the questionnaires shall be prepared and sent to the members of the Board of Directors on the last business day before the end date of the members of the Board of Directors voting. Accepted for questioning on written statements shall be the written statements of the members of the Board of Directors received before the date the questionnaires were sent.

If one written statement is received in the time specified in paragraph 1 of this clause, the questionnaires shall be prepared for each member of the Board of Directors, except the one who

submitted the written statement. Such questionnaires shall include draft decisions on the agenda items contained in the written statement received as well as the draft decisions proposed at the time of notification of the meeting, on those agenda items for which the written statement contains the vote (proposal to vote) “against” or “abstained”.

If two or more written statements are received in the time specified in paragraph 1 of this clause, the questionnaires shall be prepared for all members of the Board of Directors, including those who submitted the written statements. Such questionnaires shall include draft decisions on the agenda items contained in each of the written statement received as well as the draft decisions proposed at the time of notification of the meeting, on those agenda items for which **any of the written statement contains the vote (proposal to vote) “against” or “abstained”**.

(old version:

If two or more written statements are received in the time specified in paragraph 1 of this clause, the questionnaires shall be prepared for all members of the Board of Directors, including those who submitted the written statements. Such questionnaires shall include draft decisions on the agenda items contained in each of the written statement received as well as the draft decisions proposed at the time of notification of the meeting, on those agenda items for which none of the written statements contain the vote (proposal to vote) “for”).

6.9. In case the meeting is held in the form of joint presence, the member of the Board of Directors intending to be absent from the meeting and express his opinion in writing shall have the right to submit a written statement on the agenda item or request that the Corporate Secretary prepare for him a questionnaire with draft decisions on the agenda items proposed at the time of notification of the meeting. The questionnaire shall be prepared and sent to the member of the Board of Directors not later than 1 working day following the receipt of the request. If in accordance with paragraph 3, clause 6.11 hereof the member of the Board of Directors, who is absent from the meeting and has submitted his written opinion before the meeting, must be questioned on the draft decisions on the agenda items developed by the members of the Board of Directors present at the meeting; the questionnaire shall be prepared and sent to the member of the Board of Directors without delay, **as soon as the draft decisions are developed**.

(old version:

6.9. In case the meeting is held in the form of joint presence, the member of the Board of Directors intending to be absent from the meeting and express his opinion in writing shall have the right to submit a written statement on the agenda item or request that the Corporate Secretary prepare for him a questionnaire with draft decisions on the agenda items proposed at the time of notification of the meeting. The questionnaire shall be prepared and sent to the member of the Board of Directors not later than 1 working day following the receipt of the request. If in accordance with paragraph 3, clause 6.11 hereof the member of the Board of Directors, who is absent from the meeting and has submitted his written opinion before the meeting, must be questioned on the draft decisions on the agenda items developed by the members of the Board of Directors present at the meeting; the questionnaire shall be prepared and sent to the member of the Board of Directors on the day of the meeting without delay, as soon as the draft decisions are developed.

6.10. If the meeting is held in the form of absentee voting, the quorum and the vote results shall be determined, depending on the number of written statements submitted, subject to the following written opinions of the members of the Board of Directors:

6.10.1. In case one written statement is received in the time specified in paragraph 1, clause 6.8 of this Article, account shall be taken of:

- written statement;
- **duly completed** questionnaires **received not later than the vote end date**.

6.10.2. In case two or more written statements are received in the time specified in paragraph 1, clause 6.8 of this Article, account shall be taken of the **duly completed** questionnaires **received not later than the vote end date, in which the vote option “for” is left only for one option of draft decision on the agenda items**.

The questionnaire of a member of the Board of Directors shall be deemed duly completed, if it is signed by the member of the Board of Directors and does not contain any notes or entries other than as provided by the questionnaire form.

(old version:

6.10.1. In case one written statement is received in the time specified in paragraph 1, clause 6.8 of this Article, account shall be taken of:

- written statement;*
- duly presented questionnaires, in which not more than one vote option (“for”, “against”, “abstained”) is left for each option of draft decision on the agenda items.*

6.10.2. In case two or more written statements are received in the time specified in paragraph 1, clause 6.8 of this Article, account shall be taken of the duly presented questionnaires, in which not more than one vote option (“for”, “against”, “abstained”) is left for each option of draft decision on the agenda items. The option “for” may be left only for one option of draft decision on the agenda item. The member of the Board of Directors who has earlier submitted his written statement shall have the right to:

- confirm his vote on the agenda item by voting “for” on the option of the draft decision contained in the written statement submitted by him;*

or

- change his vote by voting “for” on another option of the draft decision.*

The questionnaire of a member of the Board of Directors shall be deemed duly presented, if it is received not later than the vote completion date, signed by the member of the Board of Directors and does not contain any notes or entries other than as provided by the questionnaire form).

6.11. If the meeting is held in the form of joint presence, **the quorum shall be determined**, subject to the written opinions of absent members of the Board of Directors, submitted not later than the meeting commencement.

The Chairperson of the meeting held in the form of joint presence shall read out the written opinion of the member of the Board of Directors absent from the meeting, and put to vote draft decisions and remarks on the submitted materials (information) contained in such written opinion.

If the members of the Board of Directors present at the meeting develop such draft decisions on the agenda items which are different from those specified in the written opinion of the absent member of the Board of Directors, **such member of the Board of Directors must be questioned on each draft decision put to the vote.** For this purpose, the questionnaire shall include draft decisions on the agenda items contained in his written opinion received earlier as well as the draft decisions developed by those present at the meeting. **The vote results shall be determined, taking into consideration the questionnaires of the absent members of the Board of Directors, which were duly completed and received not later than the end of the meeting day. Otherwise, the absent member of the Board of Directors shall be deemed to have not participated in the vote on the draft decision developed by the members present at the session. The absent member of the Board of Directors shall leave option "for" only for one option of draft decision on the agenda item in his questionnaire.**

The questionnaire of a member of the Board of Directors shall be deemed duly completed, if it is signed by the member of the Board of Directors and does not contain any notes or entries other than as provided by the questionnaire form.

(old version:

6.11. If the meeting is held in the form of joint presence, the quorum and the vote results shall be determined, subject to the written opinions of absent members of the Board of Directors, submitted not later than the meeting commencement.

At the meeting held in the form of joint presence the Chairperson at the meeting shall read out the written opinion of the member of the Board of Directors absent from the meeting, before starting the voting on the agenda item on which this opinion was submitted. If such opinion is submitted in the form of a written statement containing remarks on the submitted materials (information) pertaining to the agenda items, such remarks requiring specific corrections in the submitted materials (information), and/or draft decisions modified at his discretion, each member of the Board of Directors present at the meeting must vote on the written opinion submitted.

If the members of the Board of Directors present at the meeting develop such draft decisions on the agenda item which are different from those specified in the written opinion of the absent member of the Board of Directors, such member of the Board of Directors must be questioned on each draft

decision put to the vote, during the day of the meeting. For this purpose, the questionnaire shall include draft decisions on the agenda items contained in his written opinion received earlier as well as the draft decisions developed by those present at the meeting. The absent member of the Board of Directors must leave not more than one vote option (“for”, “against”, “abstained”) for each option of draft decisions on the agenda items. The option “for” may be left only for one option of draft decision on the agenda item. The absent member of the Board of Directors shall have the right to:

- confirm his vote on the agenda item, by voting “for” on the option of the draft decision contained in the written statement submitted by him earlier;

or

- change his vote by voting “for” on the option of the draft decision developed at the meeting.)

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

6.13. When resolving matters at a meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

Transfer of the voting right by a member of the Board of Directors to another person, including another member of the Board of Directors, shall not be allowed.

In taking decisions by the Board of Directors, the Chairperson 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 Articles of Association 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 retired 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 of a session of the Board of Directors shall be kept.

Minutes of the meeting of the Board of Directors shall be made up within 3 days after holding it in the form of joint presence (completion of voting of the members of the Board of Directors in the case of absentee voting).

The following information shall be given in the minutes of the meeting:

- its venue and date of holding in the form of joint presence, or, in case of absentee voting, the place of drawing-up the minutes and the end date of voting of the members of the Board of Directors;
- persons attending the meeting (in case of holding it in the form of joint presence): members of the Board of Directors (it should be specified whether they are entitled to vote on the agenda items) and invited persons;
- members of the Board of Directors who have submitted a written opinion (it should be specified whether they are entitled to vote on the agenda items);
- agenda of the meeting;
- matters put to the vote and voting results on them;
- resolutions taken.

The minutes of the meeting of the Board of Directors shall be signed by the person taking chair at the meeting and the Company’s Corporate Secretary.

If a written opinion of a member of the Board of Directors is taken into account when determining the quorum and voting results on the agenda items, the written opinions on matters related to the agenda items received from the members of the Board of Directors shall be attached as supplements to the minutes. The decision to attach other materials to the minutes shall be made by the chairperson of the session.

The Company shall store the minutes of the meetings of the Board of Directors in the place where its executive body is located in accordance with the procedure and for the time periods established by the federal executive authority for the securities market. If no such time period is determined, the Company shall permanently store the minutes of the meetings of the Board of Directors.

The Company shall provide to the shareholders as well as members of the Board of Directors, the Auditing Committee, the Company Auditor access to the minutes of the meetings of the Board of Directors.

6.15. The decisions of the Board of Directors shall come into effect:

- for the bodies of the Company and the Board of Directors, from the date of the decision;
- for third parties, from the time the minutes are signed.

7. REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS AND COMPENSATION FOR EXPENSES RELATED TO EXECUTION OF THEIR DUTIES

7.1. The Company shall bear expenses relating to the activity of the Board of Directors, including compensation to the members of the Board of Directors for all documented expenses associated with the performance of their duties.

If a member of the Board of Directors of the Company performs his duties on the paid basis the remuneration for the performance of the duties shall be calculated and paid to him.

(old version:

7.1. The Company shall bear expenses relating to the activity of the Board of Directors, including compensation to the members of the Board of Directors for all documented expenses associated with the performance of their duties.

If a member of the Board of Directors of the Company performs his duties on the paid basis the remuneration for the performance of the duties as well as the extra pay to remuneration provided for by clause 7.9 of this Article shall be calculated and paid to him.

7.2. Remuneration of a member of the Board of Directors shall consist of quarterly and annual remuneration.

7.3. The quarterly remuneration to each member of the Board of Directors shall be 300,000 roubles.

The remuneration of the Chairperson of the Board of Directors shall have a factor of 1.5.

The quarterly remuneration of a member of the Board of Directors shall be reduced by:

10% - in case he did not take part in 25% and less of the meetings of the Board of Directors;

30% - if he did not participate in more than 25% but less than 50% (inclusive) of the meetings of the Board of Directors;

100% - in case he did not participate in more than a half of the meetings of the Board of Directors;

In addition, quarterly remuneration shall be reduced by 5% for each meeting of the Board of Directors in the form of joint presence if a member of the Board of Directors did not attend it personally.

If the membership of the Board of Directors and/or conditions of performance of functions of the Board member (paid / free basis) changed during the quarter, the remuneration shall be calculated and paid in proportion to the time during which the member of the Board of Directors performed his functions on the paid basis.

(old version:

7.3. The quarterly remuneration to each member of the Board of Directors shall be 300,000 roubles.

The remuneration of the Chairperson of the Board of Directors shall have a factor of 1.5.

The quarterly remuneration of a member of the Board of Directors shall be reduced by:

30% - in case of his/her presence at less than half of the meetings of the Board of Directors held in the form of joint attendance;

100% - in case of his/her participation in less than half of all held meetings of the Board of Directors.

If the membership of the Board of Directors and/or conditions of performance of functions of the Board member (paid / free basis) changed during the quarter, the remuneration shall be calculated and paid in proportion to the time during which the member of the Board of Directors performed his functions on the paid basis.)

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

- from EBITDA of the Company on the basis of the accounting data according to the International Accounting Standards (IFRS) for the year under report;
- from the amount of Company's net profit allocated for dividend payment according to the results of the year under report.

The annual remuneration to one member of the Board of Directors shall be established as the value calculated in accordance with the first, second and third paragraphs of this clause divided by the number of persons elected to the Board of Directors.

If the membership of the Board of Directors and/or conditions of performance of duties of the Board member (paid / free basis) changed during the period from the time the Board of the Directors was elected by the annual general meeting of the shareholders till the next annual general meeting of the shareholders, the remuneration shall be calculated and paid in proportion to the time during which the member of the Board of Directors performed his duties on the paid basis.

The annual remuneration of a member of the Board of Directors determined in compliance with paragraphs 4 and 5 of this clause shall be reduced by 50% in case of his/her participation in less than half of all meetings of the Board of Directors held for the time of his/her term of office.

7.5. The standard (percent) of deductions for calculating the annual remuneration shall be determined by resolution of the annual general meeting of the shareholders and shall be applied for determining the amount of remuneration of the persons performing the duties of members of the Board of Directors for a period till the next annual general meeting of the shareholders.

7.6. The annual remuneration shall be adjusted taking into account changes in the capitalization of the Company for the year (starting from 1st April of the previous year till 1st April of the current year) relative to the average growth of capitalization of all inter-regional companies of the Svyazinvest Group (average value).

7.6.1. The remuneration increases if the growth of Company capitalization exceeds the average value:

- by 5%, if the excess is less than 15%;
- by 15%, if the excess is from 15% to 30%;
- by 25%, if the excess is more than 30%;

7.6.2. The remuneration remains unchanged in the following cases:

- unchanged level of Company capitalization in case of falling or unchanged average value for the industry;
- decreased capitalization of the Company, however, by a value less than the average value for the industry;
- increased capitalization of the Company by a value less than the average level for the industry.

7.6.3. The remuneration shall be reduced by 25% in the cases of:

- unchanged level of Company capitalization with simultaneous growth of the average value for the industry;
- decreased capitalization of the Company by a value exceeding the average value for the industry;
- decreased capitalization of the Company with an unchanged level of the average value for the industry;
- decreased capitalization of the Company with simultaneous increase of the average value for the industry.

7.7. Annual remuneration of members of the Board of Directors, including those whose powers are terminated earlier than planned, shall be paid after holding the Annual General Meeting of the Shareholders of the Company at a time.

7.8. Annual remuneration to be paid to members of the Board of Directors, whose powers are terminated earlier than planned, shall be calculated in proportion to the number of days of work of such members in the calendar year (365 days).

7.9. If a member of the Board of Directors is a member of a committee of the Board of Directors the quarterly remuneration for performing his duties of a member of the committee of the Board of

Directors **in the amount of 126,000 roubles (considering 42,000 roubles per month)** shall be calculated and paid to him.

Such remuneration of the Chairperson of a committee of the Board of Directors shall have a factor of 1.5

The amount of remuneration for performing the duties of a member of a committee of the Board of Directors shall be reduced by:

10% - in case he did not take part in 25% and less of the meetings of the committee of Board of Directors;

30% - if he did not participate in more than 25% but less than 50% (inclusive) of the meetings of the committee of the Board of Directors;

100% - in case he did not participate in more than a half of the meetings of the committee of Board of Directors;

If members of the committee changed during the quarter, the extra pay shall be calculated and paid in proportion to the time during which the committee member performed his duties.

(old version:

7.9. An extra pay to the quarterly remuneration shall be paid to the members of the Board of Directors who are members of a committee of the Company's Board of Directors in connection with their discharge of the duties of members of a committee of the Company's Board of Directors to the amount of 60,000 roubles (for participation in each committee), a member of the Board of Directors being eligible for no more than 2 committees of the Board of Directors.

This extra pay to the Chairperson of a committee of the Board of Directors shall have a factor of 1.25.)

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

8. PROCEDURE OF APPROVING AND AMENDING THE PROVISIONS

8.1. These Provisions shall be approved by the general meeting of the shareholders by the majority of votes of the shareholders holding the voting shares of the Company and **taking part in the meeting.**

(old version:

8.1. The present Provisions shall be approved by the General Meeting of the Shareholders by the majority of the shareholders owning the voting shares of the Company).

8.2. These Provisions may be supplemented and amended by the general meeting of the shareholders by the majority of votes of the shareholders holding the voting shares of the Company and **taking part in the meeting.**

(old version:

8.2. The present Provisions may be supplemented and amended by the General Meeting of the Shareholders by the majority of shareholders owning the voting shares of the Company).

8.3. If in the event of changes in the RF legislation or the Company's Articles of Association certain clauses of the present Provisions contradict it, the Provisions shall be applied in the part, which does not contradict the current legislation and the Company's Articles of Association.