

APPROVED

by Resolution of the Extraordinary General Meeting of Shareholders
of MegaFon OJSC

Minutes dated 22.09.2014

Chairman of the General Meeting of Shareholders

S.V. Soldatenkov

Secretary of the General Meeting of Shareholders



E. L. Breeva

**REGULATIONS ON MANAGEMENT BOARD OF
OPEN JOINT STOCK COMPANY "MEGAFON"**

(Version No. 2)

- 2.4 A member of the Management Board of the Company shall be:
- 2.5 Upon nomination of a member of the Management Board, provided with information on age and education, professional experience of the Company and other
- 2.6 The General Meeting of Shareholders shall elect a member of the Management Board

Article 1. General

- 1.1. These Regulations on Management Board of OJSC "MegaFon" (hereinafter – the Regulations) are prepared in compliance with the legislation of the Russian Federation and the Charter of Open Joint Stock Company "MegaFon" (hereinafter – the Company), aimed at improving the efficiency and transparency of the internal governance mechanisms of the Company, improving the control and accountability system of its management bodies, they develop the provisions of the Charter of the company on the procedure of formation of the Management Board of the Company and regulate the timeline and procedures for preparing, convening and holding meetings of the Management Board of the Company, as well as a procedure for taking decisions by the Management Board of the Company.
- 1.2. The Management Board is a collegial executive body of the Company that administrates day-to-day activities of the Company.
- 1.3. The Management Board is accountable to and under control of the Board of Directors and the General Meeting of Shareholders of the Company.

Article 2. Formation of the Management Board

- 2.1 The Management Board is elected by the General Meeting of Shareholders of the Company for the term ending on the date when the next Annual General Meeting of Shareholders of the Company is held. The number of members of the Management Board shall be determined by a decision of the General Meeting of Shareholders.
- 2.2 Candidates to the Management Board and the number of members shall be proposed by the General Director.
- 2.3 Any employee of the Company, having a spotless business and personal reputation and having the competencies and experience needed for making decisions within the competence of the Management Board may become a member of the Management Board. The holding of positions by the members of the Management Board in management bodies in other organizations shall be permitted only upon the consent of the Board of Directors of the Company.
- 2.4 A member of the Management Board cannot be a member of the Revision Commission of the Company at the same time.
- 2.5 Upon nomination of candidates for election to the Management Board, the shareholders are provided with information on each candidate in the form of a short biography with information on age and education, positions held by the candidate within the previous 5 years and a share of the Company's charter capital owned by him/her.
- 2.6 The General Meeting of Shareholders of the Company is entitled any time to make a decision on early termination of powers of a member(s) of the Management Board. An elected member of the Management Board may resign at his/her own will from the Management Board by notifying in writing the General Director of the Company. A member of the Management Board is considered resigned from the date of the application's submission.
- 2.7 In case of termination of employment relations between the Company and a member of the Management Board, such member of the Management Board shall be dismissed from the Management Board on the date of terminating his/her employment.
- 2.8 In case of early termination of the powers of a member of the Management Board at his/her initiative or due to termination of his/her employment in the Company, the General Director of

the Company shall have the right to propose a candidate for election at the next General Meeting of Shareholders for a new member of the Management Board to replace the dismissed one.

- 2.9 The rights and duties of the members of the Management Board shall be determined by the laws of the Russian Federation and an agreement entered into between him/her and the Company. The agreement shall be signed by the Chairman of the Board of Directors of the Company on behalf of the Company, or by the person authorized by the Board of Directors of the Company.

Article 3. Competence of the Management Board

- 3.1 The competence of the Management Board shall include all matters of administration of day-to-day activities of the Company, except for the matters falling within the competence of the General Meeting of Shareholders of the Company, the Board of Directors of the Company, the General Director of the Company.
- 3.2 The competence of the Management Board shall be determined by the Charter of the Company.

Article 4. Chairman and Secretary of the Management Board

- 4.1 The functions of the Chairman of the Management Board of the Company shall be performed by the person performing the functions of the sole executive body of the Company.
- 4.2 The person performing the functions of the sole executive body of the Company, when performing his/her functions of the Chairman of the Management Board, shall organize meetings of the Management Board, chair at them, sign all documents on behalf of the Company and minutes of the meetings of the Management Board and act without a power of attorney on behalf of the Company in accordance with decisions of the Management Board taken within its competence.
- 4.3 In the case of the absence of the Chairman of the Management Board at a meeting of the Management Board, a member of the Management Board, who is elected by the majority of votes of the members of the Management Board taking part in the meeting, shall chair.
- 4.4 At the proposal of the Chairman, the Management Board shall approve the Secretary of the Management Board. The Management Board shall have the right to terminate at any time the powers of the Secretary of the Management Board and appoint a new Secretary of the Management Board.

Article 5. Procedures for preparing, convening and holding the meetings of the Management Board

- 5.1 The meetings of the Management Board shall be convened as and when necessary and can be held in the following forms:
- in person (requiring the presence of the members of the Management Board at the meeting);
 - in absentia (by poll, without members of the Management Board required to be present at the meeting);

- in mixed form (requiring the presence of the members of the Management Board at the meeting with a possibility to accept written opinions of the absent members of the Management Board).
- 5.2 Members of the Management Board, who are unable to be present at the meeting of the Management Board in person, shall be entitled to take part in the above via telephone or video conference. Such participation of a member of the Management Board in a meeting shall be deemed equal to his/her presence at the Meeting in person.
- 5.3 The meetings of the Management Board shall be convened by the Chairman of the Management Board at his/her own initiative or at the request of a member of the Management Board, the Revision Commission (inspector) of the Company, the auditor of the Company.
- 5.4 A request for convocation of the Management Board shall be sent in writing to the Chairman of the Management Board and shall contain the following:
- full name of the member of the Management Board, who requests the convocation, or name of the initiator of the meeting;
 - proposed agenda of the meeting;
 - proposed form of the meeting;
 - signature of the initiator of the meeting.
- 5.5 All members of the Management Board shall be notified by the Secretary of the Management Board about the convocation of the meeting of the Management Board, its place and time, as well as its agenda not less than three (3) days before the date of the meeting.
- If any urgent decision on any issues is required, the notification period may be reduced.
- 5.6 The information on issues on the agenda shall be provided to the members of the Management Board together with the notification about the holding of the meeting.
- 5.7 The Chairman of the Management Board shall have the right to invite to a meeting of the Management Board any other person, including employees of the Company and independent experts.

Article 6. Decision-making procedure

- 6.1 A quorum for the meetings of the Management Board shall be at least half of the number of the elected members of the Management Board.
- 6.2 If the number of the Company's Management Board members becomes less than the number specified in item 6.1 above, the Board of Directors of the Company shall take a decision on the formation of a temporary Management Board of the Company and on convocation of a General Meeting of Shareholders in order to define the number of seats and elect a new composition of the Management Board of the Company. The authorities of such temporary Management Board shall be in force till the date when the General Meeting of Shareholders of the Company elects a new composition of the Management Board of the Company.
- 6.3 Candidates to a temporary Management Board shall be nominated by the General Director of the Company among the Company's employees who meet the criteria as set forth in item 2.3 hereof. Members of the temporary Management Board shall have the rights and duties of the members of the Management Board as provided by the laws of the Russian Federation, the Charter of the Company and these Regulations.

- 6.4 Decisions at the meetings of the Management Board shall be approved by the majority of votes of the Management Board members that participate in the meeting.
- 6.5 Decisions that are taken at meetings of the Management Board shall be binding on and must be performed by all employees of the Company.
- 6.6 When a decision is made at the meetings of the Management Board, each member of the Management Board shall have one vote.
- Votes of any members of the Management Board cannot be transferred to any other person, including to another member of the Management Board.
- In the case of a tied vote, the Chairman of the Management Board shall have a casting vote in taking any decision. Other members of the Management Board that may happen to chair at a meeting shall not have such casting vote right.
- 6.7 Minutes of the meetings of the Management Board shall be kept by the Secretary of the Management Board.
- Minutes of a meeting of the Management Board shall be made no later than 3 days after the meeting.
- The minutes shall state the following:
- reference number of the minutes;
 - full name of the Company;
 - date, time and place of the meeting;
 - persons who are present at the meeting;
 - agenda of the meeting;
 - items that are put to vote and voting results for them;
 - adopted decisions.
- Minutes of a meeting of the Management Board shall be signed by the Chairman of the Management Board and the Secretary of the Management Board.
- 6.8 The Company must store the minutes of the Management Board at the physical address of its executive body according to the procedures and within the time limit as set forth by the laws of the Russian Federation.
- 6.9 The Company must provide access to minutes of the meetings of the Management Board to the members of the Board of Directors, the Revision Commission, the auditor of the Company and shareholders (shareholder) that have in aggregate at least 25 percent of the Company's voting shares.
- 6.10 Special opinions of the Management Board members on approved decisions shall be attached to the minutes of Management Board meeting.

Articles 7. Rights, duties and responsibilities of the members of the Management Board

- 7.1 While exercising their rights and performing their duties the members of the Management Board shall act to the benefit of the Company and exercise their rights and perform their duties in respect to the Company on a fair and reasonable basis.
- 7.2 The Management Board Members shall have the following rights:

- to participate in the meetings of the Management Board, to express their opinions, vote on all issues on the agenda and to demand that their special written opinion be attached to the minutes of the Management Board meeting;
- to request and receive from the Company's units any documents and information about the Company's performance on the issues pertaining to the competence of the Management Board;
- to suggest items to be included to the agenda of the meetings of the Management Board.

7.3 Members of the Management Board shall have the following duties:

- when a candidate is nominated for election to the Management Board of the Company, he/she shall inform the Corporate Secretary of the Company of any of his/her positions at the moment of nomination and over the last five years (both in the Company and in any other legal entities), interests (shares) in the charter capital of the Company and any other legal entities, as well as any other information that must be provided to the Company in compliance with the effective laws of the Russian Federation and any applicable requirements of the Russian and foreign stock exchanges and regulators, and immediately inform the Corporate Secretary of the Company of any changes in the previously provided data. The said information shall be provided to the Corporate Secretary not later than 5 days after the item on election of the Management Board, where the list of nominees includes respective candidates, is included in the agenda of the General Meeting of Shareholders.
- to perform the resolutions adopted by the General Meeting of Shareholders, the Board of Directors, the Management Board of the Company;
- to ensure confidentiality of any information that the member of the Management Board becomes aware of in the course of his/her duties;
- to not use confidential and insider information for personal benefit, to not transfer confidential and insider information to any third parties, to not execute any transactions using confidential and insider information;
- to not comment in public on any decisions and results of the meetings of supreme management bodies of the Company prior to official disclosure of relevant press releases on the Company's web-site;
- to disclose in full and on a timely basis the following information:
 - on his/her affiliates as well as legal entities where the member of the Management Board owns independently or jointly with his/her affiliate (affiliates) 20 or more percent of the voting shares (interests, units);
 - on any legal entities, in which the member of the Management Board and/or his/her affiliates hold positions in management bodies;
 - on him/her being an interested party in a Company transaction that the member of the Management Board is aware of or supposed to be aware of;
 - on ownership of the Company's securities as well as sales and/or purchase of the Company's securities.

7.4 The members of the Management Board shall send information as set forth in the above item 7.3 hereof in writing to the Corporate Secretary of the Company immediately after the occurrence of the circumstances that are subject to disclosure.

- 7.5 The Management Board Members must refrain from any actions that may give rise, including potentially, to any conflict between his/her interests and interests of his/her affiliates (on one side) and the Company's interests (on the other side), and if such conflict exists or may appear, immediately inform the Board of Directors of the Company about such fact.

Article 8. Final provisions

- 8.1 From the effective date of this Version No.2 of the Regulations, the previous edition that was approved by resolution of the Extraordinary General Meeting of Shareholders (Minutes dated 28.05.2002) shall cease to be in force.
- 8.2 Any issues related to the preparation, convocation and conduct of the meetings of the Management Board of the Company that are not governed by the Charter of the Company and these Regulations shall be settled in accordance with the laws of the Russian Federation.
- 8.3 To the extent that, due to any amendments in the laws of the Russian Federation, any provisions of these Regulations come into conflict with to the laws of the Russian Federation, the said provisions shall cease to be in force in the respective part.

7.8. The Management Board Members must refrain from any actions that may give rise, including potentially, to any conflict between their interests and interests of their affiliates (on one side) and the Company's interests (on the other side), and if such conflict exists or may appear, immediately inform the Board of Directors of the Company about such fact.

Article 8. Final provisions

8.1. From the effective date of this Version No.2 of the Regulations, the Regulations shall be applied by resolution of the Extraordinary General Meeting of Shareholders (hereinafter referred to as the EGM) until the date of its termination.

8.2. The Regulations shall be applied to the provisions of the Regulations that are not in conflict with the laws of the Russian Federation and the laws of the foreign countries where the Company has branches.

8.3. To the extent that, due to any amendments in the laws of the Russian Federation, the provisions of these Regulations come into conflict with the laws of the Russian Federation, the said provisions shall cease to be in force in the respective part.



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