

APPROVED BY
the General Shareholders Meeting
of MegaFon PJSC
30 June 2015

CHARTER OF
PUBLIC JOINT STOCK COMPANY
«MEGAFON»
(Version No. 4)

Moscow
2015

CONTENTS

Article 1. General information	3
Article 2. Name and address of the Company	3
Article 3. Legal status of the Company	3
Article 4. Purpose and types of business of the Company	4
Article 5. Branches and representative offices of the Company	5
Article 6. Charter capital and shares of the Company	6
Article 7. Bonds and other issued securities of the Company.....	8
Article 8. Rights and duties of shareholders	8
Article 9. Register of shareholders of the Company	9
Article 10. Distribution of profits and funds of the Company.....	9
Article 11. Management of the Company	11
Article 12. General Meeting of Shareholders.....	11
Article 13. Procedure for convening, preparing and holding the General Meeting of Shareholders	13
Article 14. Minutes of the General Meeting of Shareholders	16
Article 15. Board of Directors of the Company.....	17
Article 16. Procedure for convening, preparing and holding of the Board of Directors	21
Article 17. Minutes of the Board of Directors' meeting.....	24
Article 18. Executive Bodies of the Company	25
Article 19. Revision Commission and auditor	28
Article 20. Records, reports and documents of the Company	28
Article 21. Confidentiality	30
Article 22. Liquidation and reorganization of the Company	30

Article 1. General information

- 1.1 Public Joint Stock Company "MegaFon" (hereinafter the Company) has been founded in compliance with the decision of the General Meeting of Shareholders of the Company (Protocol n/a dated 14 May, 2002) as a result of the change of the name and corporate reorganization of the Closed Joint Stock Company "North-West GSM" founded on the basis of the decision of its founders (Protocol No.1 of the Foundation Meeting dated 1 June, 1993) in accordance with the existing legislation of the Russian Federation and the Foundation Agreement of the Company dated 1 June, 1993 (the initial registration of the Company was made by the Committee for External Affairs of the Mayoralty of St. Petersburg on 17 June, 1993, registration No. AOL-5192) to Open Joint Stock Company "MegaFon".
- 1.2 The Company was reorganised in the form of accession to it of CJSC "Sonic Duo" (PSRN 1027700127652), CJSC Mobicom-Kavkaz (PSRN 1022301190317), OJSC MSS-Povolzhye (PSRN 1026301170136), CJSC Uralsky GSM (PSRN 1026605766780), CJSC Mobicom-Center (PSRN 1025203737382), CJSC Mobicom-Khabarovsk (PSRN 1022700922903), CJSC Mobicom-Novosibirsk (PSRN 1025403221227)), CJSC PeterStar (PSRN 1027809250457), CJSC Synterra-Ural (PSRN 1107451014758), OJSC SZKTI (PSRN 1025100586323) and CJSC TK KOMET (PSRN 1107746930917) and CJSC Synterra (PSRN 1027739680022). The Company is the legal successor of the above named companies.

Article 2. Name and address of the Company

- 2.1 The full name of the Company: Публичное акционерное общество «МегаФон».
The abbreviated name of the Company: ПАО «МегаФон».
The full name of the Company in the English language: Public Joint Stock Company «MegaFon».
The abbreviated name of the Company in the English language: PJSC «MegaFon».
- 2.2 The address of the Company: Russian Federation, Moscow.

Article 3. Legal status of the Company

- 3.1 The Company is a legal entity, established under the laws of the Russian Federation. The Company shall have its own property recorded on a separate balance sheet and may in its name acquire and exercise rights, assume obligations and act as a plaintiff and defendant in proceedings before general and commercial courts and arbitration tribunals.
- 3.2 The Company shall have a round seal containing its full name in the Russian language and its address. The seal may also contain the name of the Company in any foreign language or any language of the peoples of the Russian Federation.
- 3.3 The Company may hold operating and other accounts in rubles or a foreign currency at banks and other lending institutions both in the Russian Federation and abroad.
- 3.4 The Shareholders shall not be liable for the obligations of the Company and shall bear the risk of losses related to its business within the value of the shares owned by them. Shareholders who have

not fully paid up their shares shall bear joint liability for the obligations of the Company up to the unpaid value of shares held by them.

Shareholders may dispose of shares held by them without obtaining consent from other shareholders or the Company.

- 3.5 The Company may have interest in stock companies and other entities, establish and hold subsidiary and affiliate companies and establish other legal entities and organizations of any legal type permitted by law, both in the Russian Federation and abroad and both independently and jointly with other Russian or foreign legal entities (irrespective of their form of ownership or type of legal entity) and individuals in accordance with the laws of the Russian Federation and foreign states.
- 3.6 The Company may issue investment and other securities in accordance with the laws of the Russian Federation and foreign states.
- 3.7. The Company shall, in accordance with the laws of the Russian Federation, establish conditions necessary for the performance of works related to the use of information comprising state secret.

In the event that the Company is liquidated, reorganized or ceases to work with the use of information comprising state secret, the Company shall take measures to ensure the protection of such information and the media on which it is stored. The media on which information comprising state secret is stored shall, in the manner prescribed by the legislation of the Russian Federation, be destroyed, archived or transferred to:

- (1) the legal successor of the Company where such legal successor is authorized to carry out works with the use of the said information;
- (2) the government authority to which the said information belongs in accordance with the legislation of the Russian Federation;
- (3) another government authority, company, institution or organization as directed by the interdepartmental commission for the protection of state secrets.

Article 4. Purpose and types of business of the Company

- 4.1 The primary purpose of the business of the Company is deriving of profit from the provision of telecommunication services and carrying on other business activities.
- 4.2 The primary types of business of the Company are as follows:
 - (1) provision of mobile radiotelephone services in various frequencies;
 - (2) provision of local and intrazonal telephone services;
 - (3) leasing of communication channels;
 - (4) provision of telematics communication services;
 - (5) provision of long-distance and international telephone services;
 - (6) provision of telecommunication services for cablecasting;

- (7) provision of telecommunication services for data transmission;
 - (8) development, implementation, operation, improvement and management of telecommunication networks in the Russian Federation;
 - (9) design, production, operation, development and sales of information systems manufacturing equipment;
 - (10) implementation of investment projects;
 - (11) scientific research in the field of telecommunications and the implementation of results obtained during such research;
 - (12) repairs and technical servicing of telecommunications equipment;
 - (13) any operations related to real estate, construction, reconstruction, restoration and operation of residential and non-residential premises;
 - (14) advertising;
 - (15) wholesale and retail trade, establishment of distribution networks;
 - (16) export and import of any goods, works or services;
 - (17) performance of works with the use of information comprising state secret;
 - (18) performance of activities and/or provision of services in the area of state secret protection.
- 4.3 The Company shall have full legal capacity and shall be entitled to carry on other types of business not prohibited by the legislation of the Russian Federation.
- 4.4 The Company may engage in certain types of activities, as provided for by law, only on the basis of a special authorization (license). If the conditions of issue of a special authorization (license) provide the authorized type activity be the company's exclusive activity, the Company shall not, during the effective period of such special authorization (license), have the right to conduct other types of activities other than those types of activities stipulated by the special authorization (license) and those auxiliary or supplementary thereto.

Article 5. Branches and representative offices of the Company

- 5.1 The Company shall be entitled to establish branches and representative offices on the territory of the Russian Federation and abroad in compliance with Russian or foreign legislation at the location of branches and representative offices, unless otherwise provided by an international treaty of the Russian Federation.

A branch of the Company means its separate division located at a different address and performing its functions (or their part), including functions of a representative office.

A representative office of the Company means its separate division located at a different address and representing and defending the Company's interests.

- 5.2 Branches and representative offices shall act on the basis of the Regulation approved by the Company. The Company's Board of Directors shall pass the decision on setting up and closing of branches and representative offices.
- 5.3 Branches and representative offices shall be assigned assets by the Company, and these assets shall be recorded both in their separate balance sheets and in the balance sheet of the Company.
- 5.4 Branches and representative offices shall operate on behalf of the Company. The Company shall be liable for the activities of the branches and representative offices which it has established.
- 5.5 The Company's branches may have their own structural subdivisions (regional offices or any other separate subdivisions) located at a different address.
- 5.6 The heads of a branch and a representative office shall be elected by the Board of Directors of the Company on the recommendation of the Chief Executive Officer, and shall act on the basis of a power of attorney issued by the Company.
- 5.7 Information on the branches:
- (1) Central Branch at the address: 6 Nartova St., Nyzhny Novgorod 603104, Russian Federation.
 - (2) Ural Branch at the address: 122 Malysheva St., Ekaterinburg 620078, Russian Federation.
 - (3) Povolzhie Branch at the address: 15 Moskovskoe Shosse, Samara 443080, Russian Federation.
 - (4) Stolichny Branch at the address: 27 bldg 42 Vyatskaya St., Moscow 127015, Russian Federation.
 - (5) North-West Branch at the address: 44, litera A 7th Line, Vasilievskiy ostrov, Saint-Petersburg 199004, Russian Federation.
 - (6) Kavkaz Branch at the address: 40 Luzana St., Krasnodar 350051, Russian Federation.
 - (7) Far East Branch at the address: 9A Leningradskaya St., Khabarovsk 680013, Russian Federation.
 - (8) Siberia Branch at the address: 52 Otyabrskaya St., Novosibirsk 630007, Russian Federation.

Article 6. Charter capital and shares of the Company

- 6.1. The charter capital of the Company amounts to 62,000,000 (Sixty Two Million) rubles.
- 6.2. The charter capital of the Company shall be formed of 620,000,000 (Six Hundred Twenty Million) ordinary registered shares with a par value of 10 (Ten) kopecks each.

All issued shares of the Company are registered shares in non-documentary form.

- 6.3. Additional shares may be issued by the Company only within the number of authorized shares specified in the Company's Charter.

Additionally, the Company may issue 100,000,000,000 (One Hundred Billion) ordinary registered shares with a par value of 10 (Ten) kopecks each (authorized shares).

- 6.4. Payment for shares may be effected by cash, securities, other property and proprietary rights, or any other rights which have monetary valuation.

- 6.5 The Company may buy any shares which it has issued at a decision of the General Meeting of Shareholders in accordance with the Federal Law No.208-Φ3 dated December 26, 1995 “On Joint-Stock Companies” (hereinafter referred to as “the Federal Law “On Joint-Stock Companies”).
- 6.6 The Company may pass a decision on the increase of the charter capital. The company’s charter capital may be increased in the following manner:
- (1) through increase of the nominal value of the Company’s shares; or
 - (2) through placement of additional Company’s shares.
- 6.7 A decision to increase the Company’s charter capital through increase of the nominal value of shares and placement of additional shares shall be taken by the General Meeting of Shareholders.
- 6.8 The increase of the charter capital of the company through placement of additional shares can be performed using the company’s property. The increase of the charter capital of the company by means of increasing the nominal value of the shares can only be performed using the Company’s property.
- The amount of the increase of the charter capital of the Company using Company’s property shall not exceed the difference between the value of the net assets of the Company and the sum of the charter capital and the reserve fund of the Company.
- In case of increasing the charter capital of the Company using its property through the placement of additional shares, such shares shall be distributed among all shareholders. In this case each shareholder shall obtain the shares pro rata to the number of shares it owns. The increase of the charter capital of the Company using its property through the placement of additional shares resulting in appearance of fractional shares shall be prohibited.
- 6.9 The decision on increase of the Company’s charter capital through the placement of additional shares shall define the number of additional ordinary shares to be issued within the number of authorized shares of this category (type), the method of the placement, the placement price for additional shares issued by means of subscription or the procedure for determination of such price, including the placement price or procedure for determination of the price of placement of additional shares for shareholders who have pre-emptive rights to purchase the issued shares, the form of payment for additional shares issued by means of subscription; other conditions for the placement may also be defined.
- 6.10 Any amendments and supplements to this Charter after any placements of the Company’s shares, including amendments related to the increase of the Company’s charter capital, shall be introduced on the basis of a decision by the General Meeting of Shareholders on the increase of the Company’s charter capital, or any other decision serving the basis for the placement of shares or issued securities convertible into shares, and a registered placement report.
- 6.11 The company may, and, where the Federal Law “On Joint-Stock Companies”, must decrease its charter capital. The charter capital of the Company may be decreased in the following manner:
- (1) through the decrease of the nominal value of the Company’s shares; or
 - (2) through the reduction of the total number of the Company’s shares, including through the purchase and redemption of a part thereof.

Article 7. Bonds and other issued securities of the Company

- 7.1 The Company has the right to issue bonds and other securities on the terms and conditions set forth by the current legislation of the Russian Federation.
- 7.2 The issuance by the Company of shares and other issued securities, including issued securities convertible into shares, shall be carried out in accordance with the Federal Law "On Joint-Stock Companies".

Article 8. Rights and duties of shareholders

- 8.1 A shareholder of the Company is recognized as a person owning shares of the Company on the basis set forth by the legislation of the Russian Federation and this Charter.
- 8.2 Each ordinary share of the Company gives to its holder an equal scope of rights. In the event that in accordance with the legislation of the Russian Federation, a shareholder owns a fractional share in the Company, this fractional share provides to its owner the scope of rights corresponding to the part of a whole share in the Company.
- 8.3 Shareholders-owners of voting shares of the Company have the right to participate in the General Meeting of Shareholders of the Company with the right to vote on all issues within its competence either personally or through their representatives.
- 8.4 Voting at the General Meeting of Shareholders shall be conducted according to the principle: "one voting share – one vote" except for cumulative voting in cases specified by the Federal Law "On Joint-Stock Companies". All ordinary shares represent the voting shares of the Company.
- 8.5 Each shareholder of the Company has the right to receive a portion of the profit (dividends) of the Company to be distributed among shareholders pro rata to the number of shares owned by them.
- 8.6 In the event of the Company's liquidation, each shareholder has the right to receive a part of the property left after the settlement with creditors in accordance with the procedure set forth by the legislation of the Russian Federation and this Charter.
- 8.7 Shareholders of the Company shall have a pre-emptive right to acquire additional shares or securities convertible into shares issued by way of open subscription, in the amount pro rata to the number of shares of that category (type) owned by them.
- 8.8 Shareholders of the Company voting against or not taking part in voting on an issue of placement of shares and securities convertible into shares by way of a closed subscription, have a pre-emptive right to acquire additional shares and securities convertible into shares, placed through a closed subscription, in the amount pro rata to number of shares of that category (type) owned by them. This right does not extend to the placement of shares and other securities convertible into shares by way of a closed subscription, only among shareholders, if the shareholders have the right to acquire the entire number of issued shares and other securities convertible into shares in the amount pro rata to number of shares of that category (type) owned by them.
- 8.9 Shareholders (a shareholder), holding in total not less than two percent of the voting shares of the Company, no later than sixty days following the end of the financial year, are entitled to include issues on the agenda of the annual General Meeting of Shareholders and to nominate candidates for election to the Board of Directors and the Revision Commission, provided that the number of such candidates

shall not exceed the total number of members of the respective management body and the Company's Auditor.

- 8.10 Shareholders (a shareholder) of the Company have the right to demand a convocation of the Extraordinary General Meetings of the Shareholders, if on the date of such demand, the shareholders own not less than ten percent of the voting shares of the Company.
- 8.11 Shareholders (a shareholder) of the Company have the right to demand repurchase by the Company of all or part of its shares in accordance with legislation of the Russian Federation and this Charter, including in the event of:
- (1) reorganisation of the Company or the consummation of major transaction approved by the General Meeting of Shareholders in accordance with clause 3 of article 79 of the Federal Law "On Joint-Stock Companies", provided that they voted against the decisions on reorganisation or approval of the major transaction mentioned above or did not take part in the voting on these matters.
 - (2) introduction of changes and supplements to this Charter or adoption of the new edition of the Company's Charter which restricts their rights, provided they voted against the relevant resolution or did not take part in the voting.

Article 9. Register of shareholders of the Company

- 9.1. The Company shall procure that the register of shareholders of the Company is maintained and kept in accordance with the laws of the Russian Federation from the date of state registration of the Company.
- 9.2. Maintenance of the shareholders' register of the Company shall be executed by an independent organization officially licensed as per the law.
- 9.3. The shareholders' register shall contain information on each registered person, the quantity and category (types) of shares, entered in the name of each registered person, and other information required by the laws of the Russian Federation.
- 9.4. Each person registered in the shareholders' register of the Company is obliged to promptly inform the registrar of the Company about any changes in his data. In case of failure to report any changes to the registrar of the Company, the Company and the Company's registrar shall not be liable for any losses caused as a result of such failure.
- 9.5. Upon request of a shareholder or a nominal holder of shares, the Company's registrar must confirm their rights to shares by means of an extract from the register. An extract from the register is not a security; however, it confirms the holding by the person indicated in the relevant extract of the relevant number of the Company's shares.

Article 10. Distribution of profits and funds of the Company

- 10.1. The Company's policy in relation to payment of dividends shall be defined in the Regulations for Dividend Policy, specifying the rules of calculation of part of the Company's net profit to be distributed as dividends and dividend amount, terms and procedures of dividend payment, defining dividend payment period and dividend payment mode (hereinafter referred to as the "Dividend Policy"), and shall be approved by the Company's Board of Directors in compliance with paragraph (17) of Article 15.2 and Article 15.3 of this Charter.

- 10.2 When considering the Company's profit distribution issues the Company's management bodies shall follow the provisions of the Dividend Policy.
- 10.3 The Company may take decisions to pay (declare) dividends on placed shares upon the results of the first quarter, six months, nine months of a financial year and (or) a financial year, unless otherwise provided by the Federal Law "On Joint-Stock Companies".
- 10.4. Decision to pay (declare) dividends upon the results of the first quarter, six months and nine months of a financial year may be taken within three months after the expiration of the relevant period. Decision to pay (declare) dividends upon the results of a financial year, to define the dividend amount and payment mode shall be taken by a General Meeting of Shareholders. The dividend amount payable cannot exceed the dividend amount recommended by the Board of Directors. General Meeting of Shareholders can take a decision on non-payment of dividends on shares.
- 10.5. Dividend payment period shall be defined by the law of the Russian Federation. The Company may not set any preferences in relation to dividend payment periods and deadlines for separate holders of shares of similar category (type). Payment of dividends on shares of every category (type) shall be made simultaneously in favor to all holders of shares of such a category (type).
- 10.6. Dividends shall be paid in cash unless a different payment mode is specified by a decision of a General Meeting of Shareholders. General Meeting of Shareholders may take a decision to pay dividends in kind (including stock dividends provided that Company is a stock-holder).
- 10.7 The date determining persons entitled to receive dividends as per the decision on payment (declare) of dividends shall be at least 10 days following the date of the decision on payment (declare) of dividends and within 20 days from the date of such decision.
- 10.8. The Company shall not be entitled to make a decision on (declare) the payment of dividends on shares:
- (1) before the payment in full of the Company's charter capital;
 - (2) before the repurchase of all the shares to be repurchased in accordance with the Article 76 of the Federal Law "On Joint-Stock Companies";
 - (3) if, as of the date of such a decision, the Company meets the insolvency (bankruptcy) criteria in accordance with the laws of the Russian Federation on insolvency (bankruptcy), or if these criteria will arise as a result of the payment of the dividends;
 - (4) if, as of the date of such a decision the value of net assets of the Company is below the aggregate amount of its charter capital and reserve fund or will become below this amount as a result of passing such a decision;
 - (5) in other cases provided by federal laws;
- 10.9. The Company shall not be entitled to pay the declared dividends on shares:
- (1) if, as of the date of payment the Company meets the insolvency (bankruptcy) criteria in accordance with the laws of the Russian Federation on insolvency (bankruptcy), or if these criteria will arise as a result of payment of the dividends;

- (2) if, as of the date of payment the value of net assets of the Company is below the aggregate amount of its charter capital and reserve fund or will become below this amount as a result of the payment of dividends;
- (3) in other cases provided by federal laws.

10.10 The Company's reserve fund is established in the amount of five per cent of its charter capital. The reserve fund shall be formed by means of annual mandatory contributions of five per cent of net profits.

The funds of the reserve fund are intended to cover losses of the Company and to redeem the Company's bonds and repurchase its shares in cases provided by the legislation of the Russian Federation and this Charter, if the Company does not have any other funds.

The reserve fund shall not be used for any other purposes other than stipulated above.

Article 11. Management of the Company

11.1 The Company has the following management bodies:

- (1) the General Meeting of Shareholders;
- (2) the Board of Directors;
- (3) a collegial executive body (the Management Board);
- (4) sole executive bodies (Chief Executive Officer and Chief Operation Officer).

Article 12. General Meeting of Shareholders

12.1 The General Meeting of Shareholders shall be the supreme governing body of the Company.

The following matters shall be within the competence of the General Meeting of Shareholders:

- (1) making amendments and supplements to this Charter or approval of a new version of the Charter;
- (2) reorganisation of the Company;
- (3) liquidation of the Company, appointment of the liquidation commission and approval of the interim and final liquidation balance sheets;
- (4) election of members of the Board of Directors of the Company and early termination of their authorities, and determination of the amount of remuneration payable to members of the Board of Directors and/or the procedure for compensation of expenses to members of the Board of Directors of the Company during their term of office;
- (5) determination of the number, par value, category (type) of authorised shares and of the scope of rights attached to such shares;
- (6) increase of the charter capital of the Company by means of increasing the par value of shares or by means of issue of additional shares;

- (7) decrease of the charter capital by means of decreasing the par value of shares or by means of reduction of their aggregate number, including acquiring by the Company a portion of shares or canceling shares acquired or repurchased by the Company;
 - (8) election (appointment) of the Chief Executive Officer, Chief Operation Officer and the Management Board of the Company and early termination of their authorities, determination of terms of office of Chief Executive Officer and Chief Operation Officer of the Company, formation of sole executive bodies of the Company in cases provided by Clauses 6 and 7 of Article 69 of the Federal Law "On Joint-Stock Companies";
 - (9) election of the Revision Commission of the Company and early termination of their authorities, and approval of the amount of remuneration and compensation payable to the Revision Commission of the Company;
 - (10) approval of the auditor of the Company;
 - (11) payment (declaration) of dividends as a result of the first quarter, six months, nine months of a financial year;
 - (12) approval of annual reports, annual accounting (financial) statements, including profit and loss statements (profit and loss accounts) of the Company, as well as distribution of profits (including payment (declaration) of dividends, excluding the profit distributed as dividends upon the results of the first quarter, six months, nine months of a financial year) and losses of the Company upon the results of a financial year;
 - (13) determination of the procedure for conducting the General Meeting of Shareholders;
 - (14) subdivision and consolidation of shares;
 - (15) approval of interested party transactions in cases provided by Article 83 of the Federal Law "On Joint-Stock Companies";
 - (16) approval of major transactions in cases provided by Article 79 of the Federal Law "On Joint-Stock Companies";
 - (17) acquisition by the Company of its issued shares in cases provided by the Federal Law "On Joint-Stock Companies";
 - (18) participation and discontinuation of participation of the Company in financial-industrial groups, associations, and other unions of commercial organizations;
 - (19) approval of internal documents regulating the functions of the Company's bodies;
 - (20) deciding upon any other matters provided by the Federal Law "On Joint-Stock Companies".
- 12.2 The matters that fall within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors, the Management Board, Chief Executive Officer or Chief Operation Officer of the Company.
- 12.3 Any decisions on matters referred to in paragraphs (2), (6) and (14)-(19) of Article 12.1 of this Charter shall be adopted by the General Meeting of Shareholders only upon proposal by the Company's Board of Directors.

- 12.4 Any decisions on matters referred to in paragraphs (1)-(3), (5), (17) of Article 12.1 of this Charter, and decisions on decrease of the Company's charter capital through reduction of the nominal value of shares, approval of major transactions the amount of which exceeds fifty per cent of the balance sheet value of the Company's assets, issuance of shares (issued securities convertible into shares) by means of closed subscription, shall be adopted by the General Meeting of Shareholders by a three-quarter majority of votes of the shareholders who are owners of voting shares and take part in the General Meeting of Shareholders.

Decisions on any other matters referred to in Article 12.1 of this Charter shall be adopted by the General Meeting of Shareholders by a simple majority of votes of the shareholders who are owners of voting shares and take part in the General Meeting of Shareholders unless otherwise provided by the Federal Law "On Joint-Stock Companies"

- 12.5 The Company must hold an annual General Meeting of Shareholders each year. An annual General Meeting of Shareholders shall be conducted not earlier than three months and not later than six months after the end of a financial year. Any other General Meetings of Shareholders are extraordinary meetings.
- 12.6 An annual General Meeting of Shareholders shall elect the Board of Directors, the Revision Commission and the Management Board of the Company, and approve the Company's Auditor, and shall approve the Company's annual report, annual accounting (financial) statements, including a profits and losses statement (profits and losses statement) of the Company, and distribution of profits (including payment (declaration) of dividends, except for profits distributed as dividends based on results of the first quarter, six months, nine months of a financial year) and losses of the Company based on results of a financial year, and other documents in accordance herewith.

An annual General Meeting of Shareholders is entitled to consider any other matters which are within the competence of the General Meeting of Shareholders of the Company.

- 12.7. Notice on convocation of an annual General Meeting of Shareholders shall be made no later than 30 days before the date of the meeting unless a longer time period for notification is provided by the legislation of the Russian Federation.
- 12.8. The record date of persons entitled to participate in the General Meeting of Shareholders of the Company shall be announced by the Company at least 7 days prior to such date.

Article 13. Procedure for convening, preparing and holding the General Meeting of Shareholders

- 13.1 The notice of the General Meeting of Shareholders shall be published on the web-site of the Company: <http://megafon.ru>, in the section used by the Company for information disclosure as statutorily required by the laws of the Russian Federation.

In the event that the number of shareholders – holders of voting shares of the Company is more than one hundred, the text of the notice of the General Meeting of Shareholders can be sent in electronic form to those shareholders of the Company who have provided the Company or the registrar with the information relating to e-mail addresses, to which such notices can be sent.

- 13.2 The General Meeting of Shareholders shall take place in the City of Moscow.
- 13.3 Proposals for inclusion of matters into the agenda and proposals of candidates for management bodies and other bodies of the Company can be submitted and demands for carrying out an Extraordinary

Meeting of Shareholders can be provided by mail to the address of the Company or through correspondence with the registry or another department of the Company authorized to accept written correspondence addressed to the Company.

- 13.4 The Chairman of the General Meeting of Shareholders is the Chairman of the Company's Board of Directors. In case of his absence or refusal to chair the General Meeting of Shareholders, the Chairman of the General Meeting of Shareholders shall be elected from the present members of the Board of Directors by simple majority of votes of the registered shareholders.

In the event when none of the present members of Board of Directors receives the number of votes required for the election as the Chairman of the General Meeting of Shareholders, or in the event of the absence of members of the Board of Directors at the General Meeting of Shareholders, the role of the Chairman of the General Meeting of Shareholders shall be carried out by the Chief Executive Officer of the Company.

The Chairman of the General Meeting of Shareholders:

- (1) declares the opening of the General Meeting of Shareholders and the completion of its work;
 - (2) holds the General Meeting of Shareholders;
 - (3) establishes breaks in the work of the General Meeting of Shareholders, and declares their beginning and ending;
 - (4) oversees the procedure for carrying out the General Meeting of Shareholders;
 - (5) takes measures to support or re-establish the order at the General Meeting of Shareholders;
 - (6) organizes answers to questions and announcements by the shareholders;
 - (7) provides directions to distribute information and materials to shareholders participating in the General Meeting of Shareholders of the Company;
 - (8) signs on behalf of the General Meeting of Shareholders resolutions and memoranda to be published or distributed among third parties;
 - (9) receives documents and materials from the bodies of the General Meeting of Shareholders;
 - (10) signs the minutes of the General Meeting of Shareholders.
- 13.5 The Secretary of the General Meeting of Shareholders is the Corporate Secretary of the Company. In the event he / she is unable to be present at the General Meeting of Shareholders, the function of the Secretary of the General Meeting of Shareholders can be entrusted to another Company's official. If such a decision is not taken, the General Meeting of Shareholders may independently elect the Secretary of the General Meeting of Shareholders from the Company's officials; such a decision shall be made by simple majority of votes of the registered shareholders.
- 13.6 The functions of the Secretary of the Company's General Meeting of Shareholders include:
- (1) composing a list of persons entitled to participate in the General Meeting of Shareholders;
 - (2) organising the registration of participants of the General Meeting of Shareholders;
 - (3) composing a list of persons entitled to receive dividends;

- (4) composing a list of shareholders entitled to demand buy-out of their shares in cases stipulated by the laws of the Russian Federation;
 - (5) composing a list of persons who have the pre-emptive right to acquire new shares and issued securities convertible into the shares;
 - (6) identifying persons interested in the Company's transactions, for the purposes of approval of such transactions by the General Meeting of Shareholders;
 - (7) keeping and signing a protocol of the General Meeting of Shareholders;
 - (8) preparing draft resolutions on the matters included in the agenda;
 - (9) organizing responses to questions and statements of shareholders;
 - (10) informing shareholders participating in the General Meeting of Shareholders about the order in which it will be held and its regulations;
 - (11) introducing amendments and additions to draft resolutions based on the results of discussing the matters in the agenda;
 - (12) preparing information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders;
 - (13) ensure that persons entitled to participate in the General Meeting of Shareholders have access to information (materials) provided in preparation for holding the General Meeting;
 - (14) explaining to the shareholders participating in the General Meeting of Shareholders the order and procedure regarding convening the General Meeting of Shareholders;
 - (15) providing extracts and notes from the list of persons entitled to participate in the General Meeting of Shareholders;
 - (16) sending voting ballots to persons included in the list of persons entitled to participate in the General Meeting of Shareholders;
 - (17) collection of the completed voting ballots received by the Company;
 - (18) informing the shareholders of the results of the voting at the General Meeting of Shareholders, and of the decisions made;
- 13.7 All persons with the right to participate in the General Meeting shall be registered for participation in the General Meeting of Shareholders, except for the persons whose ballots are received not later than two days before the date of the General Meeting of Shareholders, if the voting on the agenda of the General Meeting of Shareholder may be performed by way of sending of completed voting ballots to the Company.
- 13.8 The place of the registration of the persons participating in the General Meeting of Shareholders shall be the address at which the General Meeting of Shareholders is held.
- 13.9 If it is impossible to held the General Meeting of Shareholders in one day, a break shall be made until the morning of the following day, provided, however, that the following meeting of the General Meeting of Shareholders may not start before 9 a.m. of the following day (local time).

- 13.10 In case provided for by the Federal Law “On Joint-Stock Companies”, the voting at the General Meeting of Shareholders may be performed by means of voting ballots.
- 13.11 The Company’s Board of Directors determines the form and text of such ballots in accordance with the Federal Law “On Joint-Stock Companies”.
- 13.12 Voting ballots shall be sent to each person who has the right to participate in the General Meeting of Shareholders, in accordance with the procedure set out in the Federal Law “On Joint-Stock Companies”.
- 13.13 While determining the form and text of the ballots, the Board of Directors may, in addition to the requirements imposed by the laws of the Russian Federation, set a requirement that a registration number and certification stamp to be included in each ballot,
- 13.14 If the voting at the General Meeting of Shareholders is performed without sending ballots to the Company, the voting on election of members of the Company’s management bodies shall be performed by means of a voting sheet.

A voting sheet should contain the following information:

- (1) name and address of the Company;
- (2) date, place, and time for holding of the General Meeting of Shareholders;
- (3) surname, name, patronymic name of each candidate and voting options in respect of his/her candidature: “for”, “against”, or “abstained”
- (4) reminder that a voting sheet should be signed by a shareholder;
- (5) explanation of the cumulative voting procedure.

Article 14. Minutes of the General Meeting of Shareholders

- 14.1 The document management of the General Meeting of Shareholders shall be in the Russian and English languages. In the event of any discrepancies between the English and Russian versions of any document, the Russian version shall prevail.
- 14.2 The Minutes of the General Meeting of Shareholders shall be drafted not later than three business days after the closing of the General Meeting of Shareholders in two copies in the Russian language, and in two copies in the English language. All copies shall be signed by the Chairman and the Secretary of the General Meeting of Shareholders.
- 14.3 The Minutes of the General Meeting of Shareholders shall contain the information as required by the legislation of the Russian Federation.
- 14.4 The documents adopted or approved by the decisions of the General Meeting of Shareholders shall be enclosed to the Minutes of the General Meeting of Shareholders, as well as to the Minutes on the results of the voting.
- 14.5 Minutes of the Company’s General Meeting of Shareholders shall be kept at the address of the executive bodies of the Company for the duration and in accordance with the procedure established by the laws of the Russian Federation.

- 14.6 If necessary, a copy of minutes of the General Meeting of Shareholders and/or extracts from minutes of the General Meeting of Shareholders are provided and signed by the Secretary of the General Meeting of Shareholders and certified with the Company's round seal.

The following information shall be, *inter alia*, indicated in an extract:

- (1) date and number of the minutes;
- (2) matter on the agenda in respect of which the extract is requested;
- (3) whether there was a quorum for the respective matter on the agenda, and the results of voting on such a matter; and
- (4) decisions adopted on the respective matter on the agenda.

Article 15. Board of Directors of the Company

- 15.1 The Board of Directors of the Company shall exercise general administration over the Company's activity, except for the matters referred by the laws of the Russian Federation and this Charter to the competence of the General Meeting of Shareholders.

- 15.2 The following matters shall fall within the competence of the Board of Directors of the Company:

- (1) determination of the Company's priority trends of activities and development strategy;
- (2) approval of the budget of the Company and material amendments and additions thereto;
- (3) convening of the Annual and Extraordinary General Meetings of the Shareholders;
- (4) approval of the agenda for the General Meeting of Shareholders;
- (5) determination of the date for composing a list of persons entitled to participate in the General Meeting of Shareholders, and other matters relating to preparation and holding of the General Meeting of Shareholders referred to the competence of the Board of Directors of the Company in accordance with the laws of the Russian Federation;
- (6) determination of the price (monetary value) of property, placement price and redemption price of issued securities in cases stipulated by the laws of the Russian Federation;
- (7) determination of the amount of remuneration and compensation to be paid to the Chief Executive Officer and the Chief Operation Officer of the Company; approval of the terms and conditions of the agreement with the Chief Executive Officer and with the Chief Operation Officer of the Company;
- (8) recommendations relating to the amount of remuneration and compensation to be paid to the members of the Revision Commission of the Company and the Auditor's fees;
- (9) recommendations relating to the amount of dividends on shares and the procedures for payment thereof;
- (10) use of the reserve fund and other funds of the Company;

- (11) adoption of internal documents of the Company (other than the Dividend Policy) with the exception of documents within the competence of the General Meeting of Shareholders, Chief Executive Officer and Chief Operation Officer of the Company;
- (12) establishment and liquidation of branches and opening and closing of representative offices of the Company;
- (13) approval of major transactions in cases stipulated in Article 79 of the Federal Law "On Joint-Stock Companies";
- (14) approval of interested party transactions in cases stipulated in Article 83 of the Federal Law "On Joint-Stock Companies";
- (15) submission for the decision of the General Meeting of Shareholders of the issue on approval of a major transaction the subject-matter of which is a property with a value of 25 to 50 percent of the balance sheet value of the assets of the Company in the event that the Board of Directors cannot reach an unanimous decision on the approval of such transaction;
- (16) approval of transactions or groups of interrelated transactions, connected with the Company's acquisition, alienation or opportunity of alienation, directly or indirectly, of property (including property rights), whereas the value of such property (including the aggregate value of property being the subject of the interrelated transactions) or the value of liabilities to be assumed by the Company upon making such transaction (groups of transactions) shall exceed 50.000.000,00 (fifty million) US dollars or the relevant amount denominated in rubles or in other currency at the exchange rate fixed by the Central Bank of the Russian Federation as of the first date of the calendar quarter, within which such transactions to be made; with the assumption that approval under this paragraph (16) is not required in case such transaction or group of interrelated transactions to be approved in accordance with paragraphs (15) or (16) of Article 12.1 or paragraphs (13) or (14) of this Article 15.2 of the Charter;
- (17) approval of the Dividend Policy, amendments and additions thereto, taking decision on its cancellation;
- (18) approval of the registrar of the Company, the terms and conditions of the agreement with the registrar and the termination of such agreement;
- (19) consideration and approval of reports made by the Chief Executive Officer of the Company concerning the current business activities of the Company;
- (20) appointment and dismissal of directors of branches and representative offices of the Company as may be recommended by the Chief Executive Officer of the Company;
- (21) decisions of the Company's participation and cease of participation in other entities, excluding those specified in paragraph (18) of Article 12.1 of the Charter;
- (22) other matters concerning the general administration over the Company's activity provided by this Charter and the laws of the Russian Federation.

15.3 Decisions at meetings of the Board of Directors on the matters referred to in paragraphs (2), (9), (11) and (20) of Article 15.2 hereof shall be made by a majority of three-quarters of the votes of the members of the Board of Directors present at the meeting. Decisions at meetings of the Board of Directors on the matter referred to in paragraph (13) of Article 15.2 hereof shall be made unanimously.

Decision of the Board of Directors on the matter referred to in paragraph (17) of Article 15.2 of the Charter shall be made by a majority of no less than 6 (six) votes of the Board of Directors members.

- 15.4 Decisions at meetings of the Board of Directors on all other matters not mentioned in the Article 15.3 of the Charter shall be made by a simple majority of votes of the members of the Board of Directors present at the meeting.
- 15.5 For the purposes of making decision at meeting of the Board of Directors, each member of the Board of Directors shall have one vote. A member of the Board of Directors may not transfer his or her vote to any other person, including another member of the Board of Directors.
- 15.6 The number of members of the Board of Directors shall be equal to seven.
- 15.7 Members of the Board of Directors shall be elected by the General Meeting of Shareholders for a term expiring at the next annual General Meeting of Shareholders and may be re-elected an unlimited number of times. Authorities of members of the Board of Directors may be terminated prior to the expiry of their term in office, provided that such a resolution is adopted by the General Meeting of Shareholders in respect of all members of the Board of Directors.

Members of the Board of Directors shall be elected by cumulative voting.

Cumulative voting provides that the number of votes held by a shareholder is multiplied by the number of persons to be elected to the Board of Directors and the shareholder is entitled to cast all votes obtained by such multiplication for one candidate or distribute them between two or more candidates.

The candidates with the most number of votes shall be deemed elected to the Board of Directors.

- 15.8 A member of the Board of Directors shall be entitled to:
 - (1) require from the Chief Executive Officer and/or the Chief Operation Officer to provide information (materials) and explanations on matters related to the affairs of the Company where such information is necessary for making decisions within the competence of the Board of Directors;
 - (2) require that the member's opinion on agenda matters or decisions considered and/or made be recorded in the Minutes of the Board of Directors;
 - (3) request that a meeting Board of Directors be convened.
- 15.9 A member of the Board of Directors shall be obliged to:
 - (1) exercise their rights and perform their duties in the capacity of member of the Board of Directors in a good faith, reasonable and responsible manner and in the interests of the Company and within their authorities;
 - (2) at the request of the Secretary of the Board of Directors provide information which may be necessary to the Company for compliance with requirements or recommendations prescribed by international standards, the laws of the Russian Federation and, where applicable, foreign laws;
 - (3) refrain from actions which may create an actual or potential conflict of interests between the member of the Board of Directors and/or their affiliates on the one part and the interests of the Company and/or its affiliates on the other part. Where such a conflict of interests exists or may

potentially arise, the member of the Board of Directors must notify this fact to the Secretary of the Board of Directors in writing;

- (4) refrain from actions which may lead to disclosure of confidential information.

Members of the Board of Directors may not without prior written consent of the Board of Directors acquire participation interests, shares or other securities in, or be elected to management bodies of organizations being competitors of the Company.

Members of the Board of Directors must maintain confidentiality of information, documents and materials containing confidential information received by them during their term as member of the Board of Directors and for a period of five years after ceasing to be a member of the Board of Directors of the Company.

- 15.10 The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from amongst their number and may be re-elected at any time. The Chairman of the Board of Directors shall have a casting vote in the event of a tied member vote.

In the event that the Chairman of the outgoing Board of Directors is elected to a new Board of Directors, he or she will continue to act as the Chairman until the Chairman of the new Board of Directors is elected. In the event that the Chairman of the outgoing Board of Directors is not elected to the new Board of Directors, the duties of the Chairman shall be performed by the oldest member of the Board of Directors until a new Chairman is elected.

Members of the Board of Directors may elect a deputy Chairman. In the event of absence of the Chairman, all his or her authorities, including execution of documents, shall be exercised by the deputy, and in the event of absence of the deputy – by one of the members of the Board of Directors (as acting chairman) elected by the members of the Board of Directors by a simple majority of votes of the members present at the meeting.

The Chairman of the Board of Directors shall:

- (1) organize the work of the Board of Directors;
- (2) determine the presence of a quorum at meetings of the Board of Directors;
- (3) convene meetings of the Board of Directors;
- (4) chair meetings of the Board of Directors;
- (5) organize for minutes to be maintained at meetings of the Board of Directors;
- (6) chair the General Meeting of Shareholders.

- 15.11 The Secretary of the Board of Directors shall be the Corporate Secretary of the Company. In the event that he or she cannot be present at a meeting of the Board of Directors, the duties of the Secretary of the Board of Directors may be assigned to another official of the Company by decision of the Board of Directors.

The Secretary of the Board of Directors shall:

- (1) accept requests to convene, and sent notices of, meetings of the Board of Directors;

- (2) send voting ballots, documents and materials prepared for meetings of the Board of Directors in accordance with this Charter;
- (3) collect filled in voting ballots and written opinions from members of the Board of Directors;
- (4) maintain Minutes of meetings of the Board of Directors and prepares Minutes in accordance with absentee ballots;
- (5) where necessary, ensure transcription or audio recording of meetings of the Board of Directors and subsequent storage of such records;
- (6) perform the functions of the Secretary of the Committees of the Board of Directors;
- (7) perform other functions in accordance with this Charter, other internal documents of the Company and instructions from the Chairman of the Board of Directors.

The date of receipt by the Secretary of the Board of Directors of documents and materials referred to in this Article shall be the date of their receipt by the Board of Directors.

15.12 Committees of the Board of Directors from amongst the members of the Board of Directors may be formed in the Company.

Article 16. Procedure for convening, preparing and holding of the Board of Directors

16.1. Meetings of the Board of Directors may be held in the following forms:

- (1) in person (requiring the presence of members of the Board of Directors at the meeting);
- (2) in absentia (by way of circulation of resolutions without members of the Board of Directors required to be present at the meeting);
- (3) mixed form (requiring the presence of members of the Board of Directors at the meeting with acceptance of written opinions of members of the Board of Directors absent from the meeting).

16.2. Meetings of the Board of Directors shall be held at the address of the Company unless otherwise provided by a decision of the Board of Directors at a previous meeting.

16.3. The first meeting of a newly elected Board of Directors shall be held immediately following the General Meeting of Shareholders at which the Board of Directors was elected and the announcement of the results of voting on elections to the Board of Directors. The second meeting of the Board of Directors shall adopt a schedule of meetings of the Board of Directors for the following six months.

16.4. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors at his or her discretion, or at the request of a member of the Board of Directors, the Revision Commission, the Auditor or the Chief Executive Officer. The format of meeting of the Board of Directors shall be decided by the person initiating the meeting.

16.5. Persons and bodies of the Company entitled to request a meeting of the Board of Directors to be convened shall forward to the Secretary of the Board of Directors a request to convene a meeting of the Board of Directors not later than twenty days prior to the proposed date of the meeting.

- 16.6. Within ten days from the date of such request, the Chairman of the Board of Directors shall either resolve to convene a meeting of the Board of Directors, set a date of a meeting or absentee voting, or refuse to convene a meeting.
- 16.7. A refusal to convene a meeting of the Board of Directors, including the reasons for such refusal, shall be sent to the person or management body of the Company requesting the meeting of the Board of Directors within three days from the Chairman resolving or refusing to convene the meeting.
- 16.8. Notices of meeting of the Board of Directors shall be sent by the Secretary of the Board of Directors to each member of the Board of Directors by electronic mail or by facsimile with confirmation of transmission.

Notices must be sent to members of the Board of Directors not later than ten days prior to the scheduled date of meeting, with the exception of circumstances referred to in Article 16.9 hereof, and must contain all required information prescribed by the legislation of the Russian Federation.

- 16.9. To enable the Board of Directors to make prompt decisions related to compliance with the laws and being reasonable and necessary for the normal functioning of the business of the Company, the time limits applicable to the convening meetings of the Board of Directors and holding absentee voting and to the sending the relevant notices and materials may be amended in accordance with this Charter.

In such circumstances, the Chairman of the Board of Directors, when determining the time limits applicable to the convening of meetings of the Board of Directors and holding absentee voting and to the sending the relevant notices and materials shall independently assess the opportunity of members of the Board of Directors to review the necessary materials and make a considered decision.

- 16.10. A quorum for the purposes of meetings shall be constituted if at least half the elected members of the Board of Directors are present at a meeting. For the purposes of taking a decision on matters referred to in paragraph (17) of Article 15.2 of the Charter no less than 6 (six) members of the Board of Directors shall be present at a meeting.

The presence of a quorum shall be determined by the Chairman of the Board of Directors at the opening of the meeting of the Board of Directors, taking into account properly submitted written opinions on matters on the agenda from members of the Board of Directors not presenting at the meeting. Such written opinions shall be deemed as properly submitted if they have been addressed to the Secretary of the Board of Directors by post with acknowledgement of receipt or by facsimile with confirmation of transmission or delivered to the Secretary by hand against signature.

For meeting held in absentee voting, the presence of a quorum shall be determined separately for each agenda matter.

The absence of a quorum with respect to certain agenda matters shall not constitute a ground for declaring a meeting as aborted. In such circumstances, the minutes of the meeting shall state that no quorum was present with respect to such agenda matters and consequently no decisions were made.

- 16.11. By decision of a majority of the members of the Board of Directors presenting at a meeting, any meeting may be adjourned for a period not exceeding two days.

- 16.12. Following the adoption by the Chairman of the Board of Directors of the decision to hold an absentee voting, all members of the Board of Directors shall be provided with notices of the meeting in absentia containing the resolutions put for voting and with voting ballots.

Ballots shall bear the names of the respective members of the Board of Directors and shall be prepared by the Secretary of the Board of Directors in accordance with draft resolutions in the Russian and/or English language. In the event of any discrepancies between resolutions in the Russian and English languages, the Russian ballots shall prevail.

A ballot of a member of the Board of Directors must contain the following:

- (1) wording of matters put for voting;
- (2) voting options “for”, “against” and “abstained” for each matter;
- (3) deadline for submission of ballots;
- (4) postal address and facsimile number for submission of ballots;
- (5) surname and initials of the member of the Board of Directors.

In the event of a vote on a resolution with respect to interested party transactions, the ballots of those members of the Board of Directors which are deemed to be interested parties shall state that they may not vote on the said resolution.

16.13. Materials necessary for making decisions on the agenda matters of the meeting shall be send to the members of the Board of Directors by electronic mail or published on an external electronic recourse not later than ten days prior to the scheduled date of the meeting in absentia, with the exception of circumstances referred to in Article 16.9 hereof.

16.14. Following receipt of notices, members of the Board of Directors shall fill in the ballots and within the time limits specified therein submit them to the Secretary of the Board of Directors by electronic mail (scanned copy) or by facsimile with confirmation of transmission. The originals of ballots shall be sent by post with acknowledgement of receipt or hand delivered to the Secretary of the Board of Directors against signature.

Signatures on ballots must be made by the members of the Board of Directors personally.

Votes of the members of the Board of Directors shall be valid only in relation to agenda matters for which only one voting option is selected.

16.15. Members of the Board of Directors who submitted signed originals of ballots papers to the Secretary of the Board of Directors not later than the date specified in the ballots shall be deemed to have participated in the meeting.

The deadline for the acceptance of ballots shall be not earlier than ten days from the date on which they are circulated, provided that members of the Board of Directors may by an unanimous decision prescribe a shorter period of time.

16.16. In the event that originals of ballots submitted as at the last date of receipt of ballots reveal an absence of a quorum in respect of all agenda matters, the meeting of the Board of Directors shall be deemed aborted. In this event the Secretary of the Board of Directors shall prepare minutes declaring the meeting as aborted. The minutes shall be signed by the Chairman and Secretary of the Board of Directors.

16.17. A ballot may be declared partially or wholly invalid by joint decision of the Chairman and Secretary of the Board of Directors in the following events:

- (1) no signature of the member of the Board of Directors casting the vote;
- (2) ballot is not filled in;
- (3) ballot is not in the prescribed form;
- (4) marks of any kind are made against more than one voting option;
- (5) ballot contains corrections or erasures, or additional items, candidates, comments or other markings have been added to it;
- (6) it is not possible to conclusively determine from the ballot the voting option chosen by the member of the Board of Directors;
- (7) other grounds for invalidating of the ballot prescribed by the laws of the Russian Federation or this Charter.

The declaration of a ballot invalid with respect to the vote on one or more resolutions specified in the ballot shall not be a ground for excluding such ballot for the purposes of determining the presence of a quorum or the counting of votes cast in respect to other resolutions.

The following ballots shall be excluded for the purposes of determination of presence of quorum and from voting on any resolutions of a meeting of the Board of Directors:

- (1) not signed by the member of the Board of Directors;
- (2) received after the deadline for their submission;
- (3) in which more than one voting option is selected in respect of a single agenda matter or no voting option is selected for at least one agenda matter.

16.18. The date of a meeting held in absentia shall be the last date of acceptance of ballots, however, where the ballots of all members of the Board of Directors are submitted prior to that date, the date of receipt of the last ballot may be declared as the date of meeting.

Article 17. Minutes of the Board of Directors' meeting

17.1. Documents prepared at meetings of the Board of Directors shall be executed in both Russian and English languages. In the event of any discrepancies, the Russian version of a document shall prevail.

17.2. There shall be kept minutes of meetings of the Board of Directors.

The minutes of meeting of the Board of Directors shall be prepared not later than three days following the day on which it is held and shall be circulated amongst the members of the Board of Directors. Not later than fourteen days following the circulation of the minutes, members of the Board of Directors may submit their written opinions with respect to the minutes. The minutes shall be signed by the Chairman of the Board of Directors, who shall be responsible for the accuracy thereof, as well as by the Secretary of the Board of Directors. Where necessary, the minutes may be signed by members of the Board of Directors. Written opinions expressed by members of the Board of Directors, voting

ballots and, at the discretion of the Chairman of the Board of Directors, materials on the agenda matters of the meeting, shall be attached to the minutes.

- 17.3. Minutes of a meeting of the Board of Directors held in absentia must be prepared not later than three days from the last day of acceptance of ballots.
- 17.4. Minutes of meeting must be accessible for perusal by each shareholder (or their representative) and each member of the Board of Directors at the address of the Company.

Copies of minutes of meeting of the Board of Directors and/or extracts therefrom shall be certified with signature of the Secretary of the Board of Directors and round seal of the Company.

Article 18. Executive Bodies of the Company

- 18.1. The Management Board, Chief Executive Officer and Chief Operation Officer shall administrate day-to-day activities of the Company, except for the matters falling within the competence of the General Meeting of Shareholders and the Board of Directors of the Company.
- 18.2. The following matters, in addition to those stipulated by legislation and this Charter, shall fall within the competence of the Management Board of the Company:
 - (1) determination of short-term aims of the Company's activities;
 - (2) discussion of the Company's draft budget and control over the performance of the Company's budget;
 - (3) coordination of and control over the activity of branches, representative offices, and other separate subdivisions of the Company;
 - (4) interaction of the Company with state bodies, including control over compliance with the laws of the Russian Federation and prompt submission of information upon request of competent bodies and persons.
- 18.3. The Management Board shall annually be formed by the General Meeting of Shareholders of the Company. Candidates to the Management Board shall be nominated by the Chief Executive Officer. Composition of the Management Board, procedure for its meetings, procedure for voting, the rights and obligations of the members of the Management Board and other matters pertaining to the activities of the Management Board shall be governed by the Regulations on the Management Board.

The Chief Executive Officer of the Company shall lead the Management Board.

- 18.4. To administrate day-to day activities of the Company, the General Meeting of Shareholders shall elect the Chief Executive Officer and the Chief Operation Officer of the Company. The General Meeting of Shareholders shall determine the period of time for which the Chief Executive Officer and the Chief Operation Officer shall be elected. The Chairman of the Board of Directors of the Company shall execute an employment contract with the Chief Executive Officer and the Chief Operation Officer of the Company.

In the event of expiration of the term of office of the Chief Executive Officer and/or the Chief Operation Officer established by the decision(s) of the General Meeting of Shareholders of the Company he/they shall continue to perform his/their duties. The Board of Directors of the Company shall adopt a

decision on convocation of the General Meeting of Shareholders for election (appointment) of new Chief Executive Officer and/or Chief Operation Officer of the Company within 3 (three) months following the expiration of the term of office of the Chief Executive Officer and/or the Chief Operation Officer respectively.

- 18.5. The holding of positions by the Chief Executive Officer or by the Chief Operation Officer in any other executive bodies of other organizations shall be permitted only upon the consent of the Chairman of the Board of Directors of the Company.
- 18.6. The General Meeting of Shareholders is entitled at any time to make a decision on termination of the contract with the Chief Executive Officer and/or with the Chief Operation Officer.
- 18.7. Chief Executive Officer and Chief Operation Officer shall act independently of one another.
- 18.8. The following matters, *inter alia*, shall fall within the competence of the Chief Executive Officer:
 - (1) to exercise operative administration of the Company's activities;
 - (2) to develop and present to the Board of Directors of the Company annual working plans of the Company, annual balance sheets, profit and loss accounts and other accounting documentation;
 - (3) to ensure implementation of decisions adopted by the General Meeting of Shareholders and the Board of Directors of the Company;
 - (4) to approve estimates of expenses in connection with the preparation and holding of the General Meetings of Shareholders of the Company;
 - (5) to submit the budget of the Company and amendments and/or supplements thereto for approval to the Board of Directors of the Company;
 - (6) to submit for consideration to the Board of Directors of the Company reports on the current activities of the Company, on fulfillment of the budget and also to present to the Board of Directors of the Company for its consideration the annual report of the Company;
 - (7) to inform the Board of Directors on a regular basis of the financial condition of the Company, on the performance of the programs of priority, on transactions and decisions which may materially affect the Company's condition;
 - (8) to present to the Revision Commission and to the Auditor of the Company all the required information;
 - (9) to act without a power of attorney on behalf of the Company, to represent the Company in its relations with state bodies and organizations, legal entities and individuals; to open bank settlement and other accounts and to issue powers of attorney;
 - (10) to enter on the Company's behalf into any civil law transactions, to dispose of the Company's property to the extent permitted by the employment contract and/or the laws of the Russian Federation and assuming the requirements of the approval of the transactions specified in paragraphs (15) and (16) or Article 12.1 and paragraphs (13), (14) and (16) of Article 15.2 of the Charter;

- (11) to organize the work of the Company's structural subdivisions, to adopt its administrative and organizational structure and personnel schedules;
 - (12) to conclude employment contracts with the Company's employees, determination of the policy on the provision to the Company's employees of benefits and compensation, and to approve regulations on procedure for bonus payment to the Company's employees;
 - (13) to approve internal documents of the Company, except for documents referred to in paragraph (19) of Article 12.1 and paragraph (12) of Article 15.2 of this Charter;
 - (14) to make decisions, issue orders, instructions and other documents within his or her competence.
- 18.9. Any other matters which do not fall within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board pursuant to the Federal Law "On Joint-Stock Companies" and this Charter, as well as matters which do not fall within the exclusive competence of the Chief Operation Officer of the Company, shall also fall within the competence of the Chief Executive Officer of the Company.
- 18.10. The following matters shall fall within the competence of the Chief Operation Officer:
- (1) to exercise operative administration of the Company's activities;
 - (2) to act without a power of attorney on behalf of the Company, to represent the Company in its relations with all state bodies and organizations, legal entities and individuals, to issue powers of attorney
 - (3) to enter on the Company's behalf into any civil law transactions and dispose of the Company's property to the extent permitted by the employment contract and/or the laws of the Russian Federation and assuming the requirements of the approval of the transactions by the General Shareholders Meeting and the Board of Directors specified in paragraphs (15) and (16) or Article 12.1 and paragraphs (13), (14) and (16) of Article 15.2 of the Charter;
 - (4) to approve internal documents of the Company, except for documents referred to in paragraph (19) of Article 12.1 and paragraph (12) and (17) of Article 15.2 of this Charter;
 - (5) to make decisions, issue orders, instructions and other documents within his or her competence.
 - (6) to provide all the required materials to the Revision Commission and to the auditor of the Company.
- 18.11. Implementation of measures to procure non-disclosure of the information qualified as state secrets through development and implementation of secrecy regime and data security measures shall fall within the exclusive competence of the Chief Operation Officer.

The Chief Operation Officer shall pass state attestation and have permission to access information qualified as state secrets.

The Chief Operation Officer shall be personally liable for ensuring that an official has access to information qualified as state secrets to the extent necessary for such official in order to perform his/her job duties.

Article 19. Revision Commission and auditor

19.1. In order to ensure control over financial and operating activities of the Company, the General Meeting of Shareholders shall elect the Revision Commission.

The Revision Commission of the Company shall be elected at an annual General Meeting of Shareholders for the period until the next annual General Meeting of Shareholders.

19.2. The competence of the Revision Commission is determined by the Federal Law "On Joint-Stock Companies."

19.3. Members of the Revision Commission of the Company may not hold any other positions in any management bodies of the Company. Members of the Revision Commission may be re-elected without any limitation.

The amount of remuneration and compensations payable to the members of the Revision Commission shall be determined by the General Meeting of Shareholders of the Company.

19.4. Upon audit of financial and operating activities of the Company, the Revision Commission of the Company prepares a report which shall contain the following information:

- (1) confirmation of accuracy of data contained in the reports and other financial documents of the Company; and
- (2) information concerning the facts of a violation of the procedure for maintaining of bookkeeping records and submission of financial reports as stipulated by laws and regulations of the Russian Federation, and other violations of the laws and regulations of the Russian Federation in the course of financial and operating activities of the Company.

19.5. The procedure regulating the activities of the Revision Commission of the Company and its interaction with other bodies of the Company shall be determined by the Regulations on the Revision Commission of the Company approved by the General Meeting of Shareholders of the Company.

19.6. The Company's Auditor shall be approved at an annual General Meeting of Shareholders for the period until the following annual General Meeting of Shareholders.

The Auditor of the Company is responsible for audit of financial and operating activities of the Company in accordance with the laws of the Russian Federation and pursuant to an agreement executed with the Company.

The amount of remuneration for the Auditor's services shall be determined by the Company's Board of Directors.

Article 20. Records, reports and documents of the Company

20.1. The Company shall maintain true and complete accounting records and prepare accounting (financial) statements, maintain statistical records and prepare statements in accordance with the existing generally accepted principles of accounting and preparation of financial statements in the Russian Federation, and to perform tax accounting and submit tax reports in accordance with the laws of the

Russian Federation. The Company must submit to its shareholders financial statements of the results of its activities. The financial year of the Company shall run from January 1 to December 31.

- 20.2. In accordance with the laws of the Russian Federation, the Chief Executive Officer of the Company shall be responsible for the organization, maintenance and accuracy of the Company's books and records and timely submission of the annual report and other financial information to the competent authorities, and information concerning the activity of the Company to shareholders, lenders and mass-media.
- 20.3. The accuracy of information contained in the annual report and annual accounting (financial) statements of the Company shall be confirmed by the Revision Commission of the Company. For the purposes of audit and confirmation, the Company must engage an auditor who shares no property interest with the Company or its shareholders.
- 20.4. The Company shall keep the following documents:
- (1) the Foundation Agreement of the Company;
 - (2) the Charter of the Company, any amendments thereto which are duly registered, the decision on the foundation of the Company; certificate of state registration of the Company;
 - (3) documents confirming the Company's rights to property on its balance;
 - (4) internal documents of the Company;
 - (5) regulations on branches and representative offices of the Company;
 - (6) annual reports;
 - (7) accounting documents;
 - (8) accounting (financial) statements;
 - (9) minutes of the General Meetings of Shareholders,
 - (10) voting ballots and powers of attorney (copies thereof) for participation in the General Meeting of Shareholders;
 - (11) reports of independent appraisers;
 - (12) lists of affiliated persons of the Company;
 - (13) lists of persons entitled to participate in the General Meeting of Shareholders, entitled to receive dividends and other lists composed by the Company and necessary for exercise by the Shareholders of their rights in accordance with the requirements of the laws of the Russian Federation;
 - (14) opinions of the Revision Commission of the Company, auditor, state and municipal bodies of financial control;

- (15) securities prospectuses, quarterly reports of the issuer and other documents containing information subject to publication or another disclosure in accordance with the laws of the Russian Federation;
- (16) notifications of the entering into shareholders agreements submitted to the Company, and lists of persons who entered into such agreements;
- (17) judicial acts on disputes relating to the foundation of the Company, its management or participation in the Company;
- (18) other documents stipulated by the Federal Law "On Joint-Stock Companies", this Charter, internal documents of the Company, decisions of the General Meeting of Shareholders, other management bodies of the Company, and documents stipulated by the laws of the Russian Federation.

20.5. The Company must ensure that the shareholders have access to documents in accordance with the laws of the Russian Federation, and to provide the shareholders with copies of such documents. The fee charged by the Company for the making such copies may not exceed the costs for their production.

Article 21. Confidentiality

- 21.1. Any confidential information about the Company shall be provided to employees of the Company, bodies and persons who have the right to demand such information in accordance with the laws of the Russian Federation. No confidential information shall be provided to any other persons.
- 21.2. If any foreign persons are shareholders of the Company, the Company must set up a system of measures in accordance with the laws of the Russian Federation which are aimed at prevention of getting access by them to information which is categorised as state secrets.
- 21.3. Any information on operating activities of the Company obtained by the members of the Board of Directors as a result of performance of their duties is confidential and shall not be disclosed.

Article 22. Liquidation and reorganization of the Company

- 22.1. The Company may be voluntarily reorganized or liquidated in accordance with the procedure established by the laws of the Russian Federation and this Charter. The Company may be liquidated by a court judgment on the grounds provided for by the laws of the Russian Federation.
- 22.2. Reorganization of the Company (in the form of merger, accession, division, spin-off or transformation (change of the organizational form)) shall be made by a decision of the General Meeting of Shareholders.

In the circumstances established by the laws of the Russian Federation, the reorganization of the Company in the form of its division or spin-off of one or more legal entities shall be made by a decision of competent state authorities or a court judgment.

- 22.3. The transfer of rights and obligations of the Company in the course of reorganization shall be made in accordance with a deed of transfer or a separation balance, and is regulated by the laws of the Russian Federation. The deed of transfer and separation balance sheet must contain provisions regarding legal succession in relation to all obligations of the Company in respect of all its creditors

and debtors, including obligations in dispute, and the procedure for determination of the successor in connection with the changes of the form, composition or termination of the rights and obligations of the Company which may occur after the date as of which the deed of transfer and a separation balance are prepared.

- 22.4. The deed of transfer and separation balance shall be approved by the General Meeting of Shareholders of the Company.
- 22.5. In the event of voluntary liquidation, the General Meeting of Shareholders of the Company makes a decision on liquidation of the Company and appointment of the liquidation commission.
- 22.6. From the date of the appointment of the liquidation commission, it shall acquire all powers relating to the management of the activities of the Company. The liquidation commission shall act on behalf of the Company in court.
- 22.7. Liquidation of the Company shall be deemed completed, and the Company shall be deemed liquidated, from the date of making the respective entry into the unified state register of legal entities by the state registration authority.
- 22.8. The conditions and procedure for reorganization and liquidation which are not stipulated herein shall be regulated by the laws of the Russian Federation.