

Corporate Governance Report

Good Corporate Governance is an important cornerstone of the Company's overall business approach. We have always made every effort to conduct our business responsibly in order to deliver sustainable benefits to all our shareholders and stakeholders. In relation to this, we are fully committed to complying with the highest standards of corporate governance.

As a public company dual-listed on the Indonesia Stock Exchange (IDX) and New York Stock Exchange (NYSE), we adhere strictly to regulations stipulated by the capital market authorities in both Indonesia and the United States. In 2008, our efforts were rewarded with a clean record, free of any material warnings from either of the capital market authorities or any of our shareholders.

The year 2008 also marked the third year that Indosat has successfully complied with the 404 Sarbanes Oxley Act (SOX). This achievement was reflected in the opinion released by the independent auditor in our 2008 Annual Report on Form 20-F filed with the United States-Securities and Exchange Commission (US-SEC),

confirming that the Company had implemented effective internal control over our financial reporting system in 2008.

In our operations, we have always been guided firmly by principles of good corporate governance set out by Indonesia's National Committee on Governance Policy. At the same time, we strive to keep pace with best practices developed by other global companies.

Indosat's corporate governance rests on five key pillars, namely Transparency, Accountability, Responsibility, Independence and Fairness, as set out in the Company's Corporate Governance framework presented below:

The Corporate Governance Framework



TRANSPARENCY

We aim to provide timely, relevant and accurate information easily accessible to all stakeholders.

Disclosure Committee

We have implemented a "Disclosure & Controls Procedure". We have also established a Disclosure Committee since 2004, as required under the Sarbanes Oxley Act Article 302.

The Disclosure Committee is responsible for ensuring accurate and timely material disclosure. It reports directly to the Board of Directors. Disclosure Committee members include senior executives such as the Corporate Secretary, as well as Group Heads in charge of Accounting, Controlling, Treasury, Internal Audit, Internal Control, Legal and Risk Management. In 2008, the Disclosure Committee held four meetings and 19 electronic discussions.

No.	Electronic Discussion	Meetings
1	Abrided Prospectus on Indosat Bond VI	1. January 23, 2008 : Abrided Prospectus on Indosat Bond V and Sukuk Ijarah III
2	Abrided Prospectus on Indosat Sukuk Ijarah III	2. January 29, 2008 : Final Prospectus Indosat Bond VI and Sukuk Ijarah III
3	Final Prospectus Indosat Bond VI	3. February 25, 2008 : Due dilligence and Public Expose on Indosat Bond VI and Sukuk Ijarah III
4	Final Prospectus Indosat Sukuk Ijarah III	4. May 13, 2008 : Preparation of GCG Self Assesment
5	Full Year 2007 Financial Statements	
6	2007 Annual Report on Form 20-F	
7	2007 Annual Report	
8	2007 Corporate Profile	
9	1st Quarter 2008 Financial Statements	
10	2nd Quarter 2008 Financial Statements	
11	3rd Quarter 2008 Financial Statements	
12	Full Year 2007 Info Memo	
13	1st Quarter 2008 Info Memo	
14	2nd Quarter 2008 Info Memo	
15	3rd Quarter 2008 Info Memo	
16	Release on Change of Control Offers for US\$ Bond	
17	Quiet Period	
18	Data Submission to Regulators	
19	Item 15 of 2007 Annual Report on Form 20-F	

Material Information

In 2008, the Company issued 63 items of material information, comprising four financial statements, 21

press releases, 16 announcements, and 22 other items. A detailed list is laid out below:

No.	Material Information	Announcement Dates
	Financial Statements	
1	Consolidated Financial Statement With Independent Auditors Review Report for Year Ended Dec 31, 2006 & 2007 with comparative figures 2005	March 26
2	Consolidated Financial Statement with Independent Accountants Review Report Three Months Ended March 31, 2007 & 2008	May 28
3	Consolidated Financial Statement with Independent Accountants Review Report Six Months Ended June 30, 2007 & 2008	August 28
4	Consolidated Financial Statement with Independent Accountants Review Report Nine Months Ended September	October 28
	Release	
1	Indosat Finance Company BV and International Finance BV Plan to Purchase Some of Guaranteed Bonds due on 2010 & 2012	February 6
2	Indosat Plans to issue Rupiah Bond and Sukuk Ijarah in the First Half 2008	February 20
3	Indosat Plans to issue Indosat Bond VI Year 2008 and Sukuk Ijarah Indosat III Year 2008	February 25
4	Indosat Served 24.5 Million Customers by end of 2007	February 25
5	Indosat Obtained Effective Letter from Bapepam-LK for Indosat Bond VI and Sukuk Ijarah Indosat III	March 28
6	Indosat Booked Net Income of Rp2.0 Trillion or Grew 45% in 2007	March 31
7	Indosat Bond VI and Sukuk Ijarah III list on the Indonesia Stock Exchange	April 11
8	Indosat Announce New Basic Tariff: Basic Tariff Decrease up to 73%	April 11
9	Indosat Plan to raise fund from a Syndicated Loan Facility	May 7
10	Indosat's 2007 Annual Report and Annual Report on Form 20-F are available in the Company's website	May 15
11	Indosat Booked Net Income of Rp614 Billion or grew 27% in first Quarter 2008	May 28
12	US\$450 million Syndicated Term Loan Facility for Indosat Closes after strong oversubscription	June 13
13	Indosat Announces Change of Control Offers for any and all of Indosat Finance Company BV's 7.75% Guaranteed Notes Due 2010 and Indosat International Finance Company BV's 7.125% Guaranteed Notes	July 22
14	Indosat serves 32.4 million customers by End of June 2008	July 24
15	Indosat First Half 2008 Net Income Grew 25%	August 28
16	Indosat Announces the First Results of its Change of Control Offers for any and all of Indosat Finance Company BV's 7.75% Guaranteed Notes 2010 and International Company BV's 7.125% Guaranteed Notes Due 2012	September 22
17	Moody's Affirms Indosat Rating of Ba.1 for Local Currency Corp Family and Ba2 for Senior Unsecured ratings with stable Outlook	October 10
18	Indosat Net Income in Nine Months 2008 Reached Rp 1.47 Trillion	October 21
19	Indosat Fully Repaid the Principal and Interest of Indosat Bond III Series A Year 2003	October 23
20	Indosat Filed its unaudited Nine Months Financial Statements Ended September 30, 2008	October 28
21	Indosat Fully Drawdown its US\$450 Million syndicated Loan Facility	November 11

No.	Material Information	Announcement Dates
	Announcement	
1	Abrided Prospectus related to Indosat Rupiah Bond VI Year 2008 and Sukuk Ijarah Indosat III Year 2008	February 20
2	Announcement of the Additional Information and/or amendment to the Abrided Prospectus of Indosat Bond VI Year 2008 and Sukuk Ijarah Indosat III Year 2008	March 28
3	AGMS Plan	April 22
4	Announcement in the Newspaper relating to AGMS	April 30
5	Invitation in the newspaper relating to AGMS	May 14
6	Public Expose Plan	May 22
7	EGMS Plan	June 6
8	Announcement of AGMS Results	June 9
9	Company's Disclosure relating to Qtel Transaction	June 9
10	Announcement in the newspaper relating to EGMS	June 13
11	Invitation in newspaper relating to EGMS	June 27
12	Announcement of EGMS Results	July 16
13	EGMS Plan (2nd EGMS in 2008)	July 16
14	Announcement in the newspaper relating to EGMS	July 24
15	Invitation in newspaper relating to EGMS	August 8
16	Announcement of EGMS Results	August 27
	Others	
1	Report on Actual Expenditure of Proceed raised from public offering on Indosat Bond V 2007 and Sukuk Ijarah Indosat II	January 8
2	Rating announcement on Bonds 2008 from Pefindo	February 21
3	Proof of Media Placement on Bond Rating 2008 from Pefindo	February 22
4	Proof of Media Placement on Consolidated Balance Sheet, Equity Change Report, and Profit and Loss of PT Indosat and its subsidiaries for year end 31 December 2007	March 31
5	Indosat Response to IDX Queries	March 31
6	Responsibility to the 2007 Annual Report	
7	Plan to conduct Limited Review for 1st Q 2008	April 30
8	Annual Report 2007	May 5
9	Annual Report on 20-F Format	May 5
10	Indosat Response to IDX Queries	May 14
11	Submission of Public Expose Materials	June 2
12	Notification from Qatar Telecom (Information Disclosure)	June 9
13	Notification from Qatar Telecom (Information Disclosure)	June 24
14	Notification from Qatar Telecom (Information Disclosure)	June 27
15	Plan to conduct Limited Review for 2nd Q 2008	July 3
16	Notification from Qatar Telecom (Information Disclosure)	July 3
17	Reports on Actual Expenditure from Proceed raised from Public Offering on Bond VI Quarter II	July 10
18	Reports on Actual Expenditure from Proceed raised from Public Offering on Bond VI and Sukuk Ijarah Indosat III	August 20
19	Proof of Media Placement on Consolidated Balance Sheet, Equity Change Report, and Profit and Loss of PT Indosat and its subsidiaries for year end 30 June 2008 and 2007	September 1
20	Proof of Media Placement on Bond rating 2008 from Moody's	October 15
21	Reports on Actual Expenditure from Proceed raised from Public Offering on Bond VI 2008 and Sukuk Ijarah Indosat III 2008	October 10
22	Indosat Response to Indonesia Stock Exchange Queries	December 30

Distribution channels

The year 2008 was a year in which Indosat reached out to our stakeholders through a wide variety of channels and tools. We communicated with them through the Company's website at <http://www.indosat.com>, fact-sheets, quarterly investor bulletins, company announcements, mailing lists, press conferences, direct calls and interactive meetings.

We organized conference calls with investors, analysts and others from the financial community on a quarterly basis, to keep them abreast of the Company's operational and financial developments, following each submission of financial reports to Bapepam-LK in Indonesia and the SEC in the US. In 2008, we held four conference calls on the Company's quarterly performance, incorporating an extensive Q&A segment into each session. The calls were aired via a webcast in the Company's website that enabled easy and direct access by a wide audience of shareholders and investors.

The company conducted five non-deal roadshows and participated in eight financial community conferences held in Jakarta, Hong Kong, New York and Singapore. In addition to our pro-active outreach, we also responded promptly to all phone and e-mail enquiries and correspondence. Information requests and visits from investors and analysts were welcomed.

We also continued to enhance the quality of our outreach. A major success in 2008 was the revamp of the Company website, which was enhanced to provide faster and more user-friendly access to the public. Customers can easily find the latest product details and benefits, while investors and shareholders can readily retrieve accurate and the most updated information on the company's performance.

Public Exposé

In accordance with regulations, we held a public exposé on June 5, 2008 to discuss the Company's 2007 performance. The session was well attended by shareholders, capital market analysts, members of the press and the general public.

A similar forum was held earlier on February 25 in relation to the issuance of Indosat Bonds VI and Sukuk Ijarah Indosat III in Rupiah denomination, as part of an external funding plan to support the Company's business expansion.

Corporate Secretary

The Corporate Secretary Group is responsible for managing and distributing material information. The group is supported by four units, namely Investor Relations, Public Relations, Internal Communications and Corporate Data. Since March 2004, the position of Group Head Corporate Secretary has been assumed by Strasfiatri Auliana.

Strasfiatri Auliana started her career at Indosat in 1987. A graduate in Electronic Engineering from the Bandung Institute of Technology, she has been appointed to the position of Group Head Corporate Secretary Indosat since 2004. In her professional career spanning over two decades, she has held various senior positions at Indosat, including Senior Vice President Corporate Communications (2002-2004). During that same period, she also served as special assistant to the Chairman of the Indonesian Bank Restructuring Agency (IBRA)

ACCOUNTABILITY

We have clearly mapped out a framework for accountability, within which the roles and responsibilities of the Board of Commissioners, Board of Directors, employees and other committees have been clearly defined and aligned with the Company's vision, mission, values and strategy.

We believe that each and every employee has a unique role to play in contributing to good corporate governance.

Code of Ethics & Company's Values

We firmly believe that a company's performance must be founded on good business ethics, and its actions be in the best interest of its stakeholders. Any improvements undertaken by the Company should not waver from this and should remain consistent with our business mission and corporate values. The Company's values were initially encapsulated in the motto of "Kretartha Karya Samuha" or "Success through Teamwork", and later refined to "Insan Gemilang" which stands for "Integrity, Team Work, Excellence, Partnerships and Focus on Customer".

Our commitment is stated and reflected in the Code of Ethics manual we released in 2004. This manual is updated periodically and serves as a guide for Directors and all employees, in their business conduct.

The Code of Ethics summarizes the principles of responsible conduct which have been adopted by our staff and management since the Company's founding.

The principles outline stipulations that all businesses activities are carried out with full integrity and in accordance with the prevailing laws and regulations.

The Code also stipulates strict prohibitions against insider trading, conflicts of interest, corporate opportunity, unlawful and unethical conduct.

Directors and employees of Indosat are expected to understand and adopt the policies outlined in the Company's Code of Ethics. For each quarter since 2007, the Company has enforced a procedure whereby all employees are required to sign a letter stating that they have read and understood the Code.

Any director or employee found to have violated the Code or the Company's policies and regulations is liable for disciplinary action, which could include termination of employment.

Complete details of the Company's Code of Ethics is available for viewing at the Company's website: <http://www.indosat.com>.

Company Management Structure

As a company based in Indonesia, we adopt the local practice of having a dual-boards structure: the Board of Commissioners and Board of Directors. Each has its distinct roles and responsibilities as stipulated in the Company's Articles of Association. The chart below maps out the organizational order and relationship between the boards and their individual committees.

Board of Commissioners

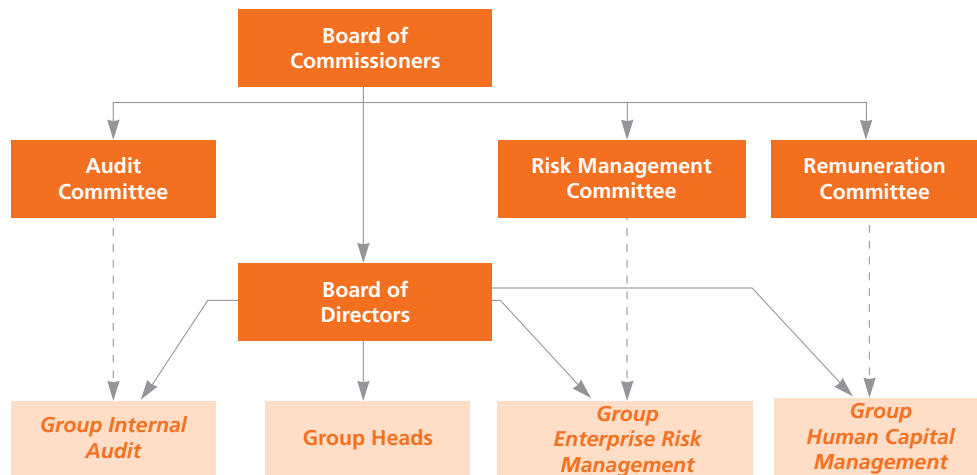
As stipulated in the Articles of Association, the Board of Commissioners supervises and monitors the management of the Company. Areas of oversight include; the Company's business expansion plan, implementation of the annual budget and work plan, provisions set out in the Company's Articles of Association and decisions resulting from the General Meeting of Shareholders, the Directors' implementation of their roles and responsibilities in accordance with the Company's Articles of Association, decisions from the General Meeting of Shareholders, and laws and regulations. In carrying out its role and supervision of the aforementioned, the Board of Commissioners represents the Company's best interests and reports to Shareholders at General Meetings.

Currently, Indosat's Board of Commissioners comprises 10 members, four of whom are Independent Commissioners. This composition complies with current regulations pertaining to Independent Commissioners.

On June 5, 2008, Lim Ah Doo and Setio Anggoro Dewo were honourably discharged from their positions as Independent Commissioners and their roles on the Audit Committee. In their place, George Thia Peng Heok was appointed as Independent Commissioner, as decided by Shareholders at the Annual General Meeting on the same day.

The Board of Commissioners convenes at least once every three months. The meeting is called by the President Commissioner or upon the request of at least one third of the Board members. In 2008, Indosat's Board of Commissioners held six meetings.

The Company's Management Structure



Attendance of Commissioners for 2008 Board of Commissioners meetings

Name	Number of Meetings Attended
H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani	2 of 3
H.E. Sheikh Mohamed Bin Suhaim Hamad Al Thani	2 of 6
Dr Nasser Marafih	3 of 3
Jarman	3 of 3
Rachmat Gobel	3 of 3
Rionald Silaban	3 of 3
George Thia Peng Heok	4 of 4
Setyanto P. Santosa	6 of 6
Soeprpto	6 of 6
Michael Latimer	3 of 3
Peter Seah Lim Huat	3 of 3
Lee Theng Kiat	2 of 3
Sio Tat Hiang	3 of 3
Sum Soon Lim	3 of 3
Roes Aryawijaya	2 of 3
Setio Anggoro Dewo	2 of 3
Lim Ah Doo	3 of 3

Remarks:

- Lee Theng Kiat, Roes Aryawijaya and Setio Anggoro Dewo were honorably discharge at June 5, 2008 AGMS.
- Jarman, Rionald Silaban, and George Thia Peng Heok were appointed at June 5, 2008 AGMS.
- Peter Seah Lim Huat, Sio Tat Hiang, Sum Soon Lim and Lim Ah Doo were honorably discharge at August 25, 2008 EGMS.
- H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani, Dr Nasser Marafih, Rachmat Gobel and Michael Latimer were appointed at August 25, 2008 EGMS.

Remuneration

The total amount of remuneration as proposed and approved at the Annual General Meeting of Shareholders (AGMS) held on June 5, 2008 was Rp29,000,000,000 (twenty nine billion) and was distributed based on the composition of the Board of Commissioners at the time of the AGMS.

The amount of remuneration distributed to individual Commissioners may differ from one to another, depending on the various roles and responsibilities

each had assumed in Board of Commissioners' Committees. Average or total individual remuneration provided to members of the Board of Commissioners in 2008 are as follows:

President Commissioner : Rp2,347,675,665
(total cash), and
Commissioner : Rp1,635,599,268
(average total cash).

The details of remuneration provided to the members of Board of Commissioners are as follows:

Board of Commissioners Remuneration

Total Net Cash for Board Of Commissioners (in Rp)			
	Semester I	Semester II	Total
Honorarium	2,634,729,000	3,328,158,095	5,962,887,095
Allowances (Incl. THR)	2,089,800,000	2,788,642,049	4,878,442,049
Committee Activities Fee	543,818,681	1,050,539,179	1,594,357,860
Initial On-Board Service	-	1,050,000,000	1,050,000,000
End-of-Service Compensation	-	4,140,380,000	4,140,380,000
Total	5,268,347,681	12,357,719,323	17,626,067,004

Remarks:

Total cash excluding income tax

Commissioners' Committees

Audit Committee

The Audit Committee's roles and responsibilities are detailed in the Audit Committee's charter report 2008, which is part of this annual report. The charter can also be viewed on the Company's website <http://www.indosat.com>.

A report of the Audit Committee's activities in 2008, along with the number of meetings held and members' attendance record, can be found on page 53 of this Annual Report.

On June 5, 2008, Lim Ah Doo and Setio Anggoro Dewo stepped down from their positions as Independent Commissioners and abdicated their responsibilities on the Audit Committee, as announced and agreed upon at the Annual General Meeting of Shareholders. At the same time, George Thia Peng Heok was appointed as Independent Commissioner. As at December 31, 2008, the Company's audit committee consisted of George Thia Peng Heok (Chairman), Soeprapto, Rusdi Daryono, and Unggul Saut Marupa Tampubolon. On January 1, 2009, a change and an addition were made in the audit committee, resulting in the following composition: George Thia Peng Heok (Chairman), Soeprapto, Michael Latimer, Kanaka Puradiredja, and Unggul Saut Marupa Tampubolon.

Resumés of George Thia Peng Heok, Soeprapto, and Michael Latimer can be found under Item 6 of the Commissioners section in the 2008 Annual Report on Form 20-F. The resumés of other external audit committee members, Kanaka Puradiredja and Unggul Saut Marupa Tampubolon (as stipulated in Bapepam-LK regulations), are as follows:

Kanaka Puradiredja has been a member of the Audit Committee since January 2009. He is the founder of Kanaka Puradiredja Suhartono Public Accounting Firm and was Senior Partner between 2000 and 2007. He is currently the chairman of the Honorary Board of Indonesian Accountants' Association and the Indonesian Institute of Audit Committee. He is also a member of the Aceh Reconstruction and Rehabilitation Board and sits on the Board of Honorary Professionals in Risk Management Association (PRIMA). Previously, he held various positions as a member of the Marketing & Communication Committee with KPMG International in 1995, a member of the KPMG Asia Pacific Board from 1994 to 1998, as Managing Partner with KPMG Indonesia (1978-1999) with his last position there as

Chairman. He worked with Peat Marwick Mitchell (previously KPMG) in Melbourne, Australia from 1975-1977 and at the Directorate General of Financial Supervisory Board (now BPKP) during 1971-1974. He graduated from Faculty of Economics, majoring in Accounting at Padjajaran Univeristy, Bandung in 1971 and was a Charter Member of Indonesia Institute of Commisioners and Directors (LKDI).

Unggul Saut Marupa Tampubolon has been an Audit Committee member since July 2008. His previous positions include President Director of PT Satelindo from 2001 to 2002, Legal General Manager with Indosat from 2000 to 2001, PT MGTI (Indosat Group) Commissioner from 2000 to 2001, President Director of PT Indosel from 1997 to 1999, Commisioner of PT Sisindosat (Indosat Group) from 1997 to 1999, Director of PT Menara Jakarta from 1996 to 1997, Commissioner of PT Patrakom (Indosat Group) from 1996 to 1997 and Indosat's General Manager for Legal and Public Relations from 1988 to 1997. Prior to joining Indosat, he was the legal advisor of PT Nickel Indonesia from 1980 to 1983 and a legal consultant with Imam & Associates Law Firm. Mr. Tampubolon received his Law Degree from the University of Indonesia in 1977.

Remuneration Committee

The Remuneration Committee's roles and responsibilities are spelled out under the Remuneration Committee Charter Page of the Company's website at: <http://www.indosat.com>.

A report of the Remuneration Committee's activities in 2008, along with the number of meetings held and record of members' attendance can be viewed on page 57 of this Annual Report. As of December 31, 2008, the Remuneration Committee's members are Dr. Nasser Marafih (Chairman), Michael Latimer, and Soeprapto.

Risk Management Committee

The Risk Management Committee's roles and responsibilities are spelled out under the Risk Management Committee Charter Page at the Company's website at: <http://www.indosat.com>.

A report of the Risk Management Committee's activities in 2008, along with the number of meetings held and record of members' attendance can be found on page 58 of this Annual Report.

As of December 31, 2008, the Risk Management Committee's members are: Rachmat Gobel (Chairman), George Thia Peng Heok, Jarman, and Rionald Silaban.

Board Of Directors

As stipulated in the Company's Articles of Association, the Board of Directors is responsible for leading and managing the Company in accordance with the Company's objectives, as well as controlling, maintaining and managing the Company's assets. It is also the Board's duty to improve the Company's efficiency and effectiveness.

As part of good corporate governance, the Board of Directors has to obtain written approval from the Board of Commissioners before it undertakes to:

- (1) Purchase and/or sell shares of other companies in the Capital Market;
- (2) Enter into a license agreement or cooperation, joint venture, management and similar agreements with other enterprises or parties;
- (3) Purchase, dispose of, sell, pledge or encumber the fixed assets of the Company;
- (4) Cease collecting and write off account receivables from the books as well as supplies;
- (5) Bind the Company as guarantor (borg or avalist);
- (6) Accept or grant medium/long-term loans and accept non-operational short-term loans (excluding loans to subsidiary companies and/or the approved Company's employees based on the prevailing internal procedures);
- (7) Carry out capital participation or dispose of the capital participation of the Company in other enterprises that is not carried out via the Capital Market;
- (8) Establish a subsidiary company;
- (9) Merge, dilute, take over or separate business units as stipulated in the prevailing Law No.

- 40/2007 pertaining to Limited Liabilities Companies (as amended from time to time);
- (10) Set forth or amend the asset management policy and asset liability management of the Company;
- (11) Set forth or amend the delegation of authority among members of the Boards, concerning signing authority limits involving such transactions as expenditures, purchases and sales of assets, loans and other commitments;
- (12) Bind the Company into other material transactions or other transactions as regulated by Board of Commissioners from time to time, with value less than 5% or more of total revenue, or 2.5% or more of the Company's consolidated non-current assets as stated in the audited consolidated financial statements.

The Board of Commissioners is mandated to set limitations upon the actions listed above and to modify those limits periodically.

To date, the Board of Directors consists of nine members, each of whom possesses specific skills and expertise in managing various business matters. We have defined each Director's authority clearly in respective policies such as financial authority and procurement of goods and services. We believe that the clear delineation of authority ensures the accountability of each Director in fulfilling his respective responsibilities.

The Board of Directors calls for weekly meetings as well as ad-hoc meetings as deemed necessary by the President Director or Deputy President Director, or as put forth by at least one third of the members of the Board. In 2008, The Board of Directors held 41 meetings. The members' attendance is recorded in the following table:

Attendance Record for Board of Directors Meetings in 2008

Name	Position	Number of Meetings Attended
Johnny Swandi Sjam	President Director	29
Kaizad Bomi Heerjee	Deputy President Director	34
Wahyu Wijayadi	Corporate Services Director	29
Wong Heang Tuck	Finance Director	27
Raymond Tan Kim Meng	Network Director	35
Fadzri Sentosa	Jabotabek and Corporate Sales Director	38
Guntur S. Siboro	Marketing Director	35
Syakieb Ahmad Sungkar	Regional Sales Director	33
Roy Kannan	Information Technology Director	32

Remarks:

Absence is due to other assignments or sick leaves.

Members of the Board of Directors receive both fixed and variable remuneration including the following elements: salary, benefits, long-term incentive, tantieme and other facilities such as gratuity payments for retiring Directors, with the amount determined by Shareholders at the Extraordinary General

Meeting on March 8, 2004, on the recommendation of the Remuneration Committee and Board of Commissioners. The total remuneration is reported at the Annual General Meeting of Shareholders.

Details of remuneration distributed to the Directors in 2008 are as follow:

Remuneration for Directors

Annual Total Cash for the Directors (Rp)			
	Semester I	Semester II	Total
Basic Salary and Benefits	4,986,000,000	6,066,000,000	11,052,000,000
Other Benefits (including THR)	4,323,800,000	6,048,550,003	10,372,350,003
STI (Tantiem) 2007	9,611,495,733	-	9,611,495,733
STI (Tantiem) 2008	-	-	-
Initial On-Board Service	-	1,350,000,000	1,350,000,000
Total	18,921,295,733	13,464,550,003	32,385,845,736

Remarks:

All figure in Nett (Exclude Income Tax).

In keeping with business development demands, Directors are constantly provided with training to improve their knowledge and insight. They receive regular, structured training and briefings from senior instructors in their respective fields of responsibility and attend relevant external executive courses. In addition, the Directors are briefed on new regulations, latest developments in good corporate governance best practices, information technology, emerging issues in risk management, as well as changes in accounting standards.

In 2008, Indosat Directors attended the following training programs: Telecommunication Strategy and Marketing, Executive Development Program, Transition to General Management, Indosat Senior Management Session on Leadership, Strategy, and Execution (leadership training with Group Head) facilitated by internationally renowned writer, lecturer and coach Ram Charan.

Key Performance Indicators

The Company refined its Key Performance Indicator ('KPI') system three years ago to align performance measurement with the new organizational structure. Performance indicators are assessed at Individual, Group, Directorate, and Company levels. Incentives and bonuses are aligned with the respective KPIs achieved by employees to ensure the effectiveness of the system.

The KPIs were developed through detailed study and planning conducted by the management, with the help of independent advisors and human resources experts, including the Remuneration Committee. The Company places great importance on KPIs as they reflect the management's accountability to the Company's performance, as mandated by our shareholders and other stakeholders.

Whistle-blower Policy

Indosat has established a whistle-blower policy to allow both external and internal parties to give input to the Audit Committee on any impropriety or inaccuracy in the Company's financial statements, press releases and publicly disclosed information, and in accounting, internal control or auditing matters.

The detailed procedure for filing complaints is available on the Company's website at <http://www.indosat.com>.

RESPONSIBILITY

In line with our commitment to corporate responsibility, we take every care to ensure compliance with prevailing laws and to practise the principles of prudence.

Amendment to the Articles of Association

In accordance with Law No. 40 year 2007 on Limited Liabilities Companies which governs all legally incorporated companies in the amendment of their Articles of Association, we have obtained shareholders' approval to amend the Company's Articles of Association on July 14, 2008.

Principal amendments are as follows:

1. Article 1 Name and Domicile
2. Article 2 Incorporation Period of the Company
3. Article 4 Capital
4. Article 5 Shares
5. Article 7 Share Substitute
6. Article 10 General Meeting of Shareholders
7. Article 11 Annual General Meeting of Shareholders
8. Article 12 Extraordinary General Meeting of Shareholders
9. Article 13 Invitation to General Meeting of Shareholders
10. Article 15 Resolution and voting rights in General Meeting of Shareholders
11. Article 16 Board of Directors
12. Article 17 Board of Directors' roles and authorities
13. Article 20 Board of Commissioners
14. Article 21 Board of Commissioners' roles and authorities
15. Article 25 Merger, Dilution and Take Over
16. Article 26 Profit Distribution
17. Article 28 Amendment of Articles of Association
18. Article 29 Disbandment and Liquidation

Asset Liability Management

We apply Asset Liability Management (ALM) as a guidance to ensure that activities will be carried out in accordance with the principles of prudence, order and efficiency. The policy is also intended to establish a framework of supervision for the Management in relation to the management of cash liquidity, financial risk and debt or loan risk as well as funding.

In addition, we have also adopted hedging strategies to minimize risks arising from the volatility of foreign exchange rates, namely to create a neutral hedging position. This is absolutely not intended for profit-making or speculative purposes, nor to lock in exchange rates at a fixed value. The balance between cost and risk is taken into account when applying hedging transactions.

Covenant Compliance

With the issuance of bonds, the Company is obliged to comply with covenants of the various issued bonds. Bond coupon payments and benefits distribution have been made according to fixed schedules. We monitor closely our credit and corporate ratings every year, providing accurate and timely information to investors and the general public through announcements placed in newspapers as well as postings on our website.

Regulation Compliance

As a telecommunications company, we have to comply with laws and regulations enforced by the Ministry of Communication and Information Technology, as well as those of the Indonesian Telecommunications Regulatory Board.

Credit and Corporate Rating (As of December 31, 2008)

Rating Institution	Rating
Pefindo	idAA+/LT Local Currency Debt
Moody's	Stable Outlook Ba1/Local Currency Rating Ba2/Foreign Currency Rating
Standard & Poor's	Stable Outlook BB/LT Foreign Issuer Credit BB/LT Local Issuer Credit
Fitch	Stable Outlook BB-/Foreign Currency LT Debt BB-/Local Currency LT Debt

Since the Company's founding 41 years ago, we have made it a fundamental business policy to consistently and scrupulously comply with prevailing regulations. This reflects the Company's keen sense of responsibility,

which we hope will help deepen our stakeholders' trust in us and counter any negative issues that may have an impact on the Company's reputation. One example is the allegation that Indosat and other operators had

violated Article 5 Law No.5 year 1999, with particular reference to an alleged SMS Cartel. Indosat was cleared of this accusation on June 18, 2008 by the Business Competition Supervisory Commission (KPPU) as there was no evidence of any such violation.

A detailed report of the legal proceedings is available under Item 8 of the 2008 Annual Report on Form 20-F, and on page 165 of this 2008 Annual Report.

Internal Control

We have also established an Enterprise Risk Management (ERM) Group since 2006 to assess, analyze, and map out the risks posed by our corporate activities, based on the Company's risk management policy. The guidelines and the risk map are intended to direct risk-prone units in implementing risk management in their operations. The ERM group has communicated this risk culture to all business units to ensure a consistent understanding of risk management throughout the Company.

In mid 2008, the Company issued a comprehensive mediation framework to all business units. Risks in all unit businesses and groups are monitored and reviewed every quarter by the Enterprise Risk Management Group, and then reported to the Directors and Risk Management Committee. The risk map is used as guidelines for the Internal Audit Group to plan and implement audit programs.

A detailed report on Risk Management can be viewed in the Risk Management section of the 2008 Annual Report on Form 20-F, and on page 72 of this 2008 Annual Report.

The Internal Audit Group is responsible for evaluating, reviewing, and analyzing all activities within the

Company and reporting those activities to the Board of Directors as well as the Audit Committee.

It will also coordinate with business units to identify the Company's risk exposure and optimize resources of the Internal Auditor. While the Internal Audit Group provides the ERM Group with recommendations on improving procedures, the ERM Group provides the Internal Audit Group with added value in its risk assessments. The synergy of ERM Group and Internal Audit Group allows our Company's internal controls to be more effective.

The Internal Audit Group is organized in the following structure:

1. Finance & Support System Audit Division
2. Business Audit Division
3. Operational & Technical Audit Division
4. Regional Audit Division (Greater Jakarta Area, Sumatra, West & Central Java, East Java, Kalimantan & Sulawesi, Maluku, and Papua)
5. Fraud & Investigation Function

In 2008, the Internal Audit Group conducted a total of 95 audits, using the risk-based method.

Since 2006, we have complied with the requirements in Section 404 of the SOX Act that assesses the effectiveness of internal controls over financial reporting. The Company appointed a Sarbox Compliance Management Group to ensure the application of the Committee on Sponsoring Organizations (COSO) framework and compliance with SOX 404. In 2008, our Independent Auditors submitted their opinion on the results of the Company's internal controls and this was stated in our Form 20-F Annual Report filed with the US-SEC. They concluded that the Company's internal control system was effectively implemented in 2008.

Compliance with Section 404 of SOX

We have successfully implemented the final requirements of Section 404 of the U.S. Sarbanes-Oxley (SOX) Act regarding internal controls over financial reporting in 2008. We are pleased to report that Indosat is in full compliance with Section 404 of SOX as required for the fiscal years ended December 31 in 2006, 2007 and 2008. We are also among the first Indonesian companies to comply with SOX.

Our Independent Auditor, Purwantono, Sarwoko & Sandjaja, a member of Ernst & Young Global, conducted an attestation and produced a final report on Indosat's SOX compliance, which was included in the Annual Report on Form 20-F for 2008.

"In our opinion, PT Indosat Tbk and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO Criteria."

Responsibility to Stakeholders

Indosat has always believed in sharing our growth with society. In 2008 we took the important step of establishing a dedicated Corporate Social Responsibility (“CSR”) Committee to drive our CSR efforts in a more consistent and focused approach. The year 2008 also marked the centennial celebration of Indonesia’s nationalist awakening, when nationalist aspirations first arose in this country and coalesced into a movement. To commemorate this special occasion, Indosat ran a corporate campaign dubbed “*Indosat Cinta Indonesia*” (“Indosat loves Indonesia”) celebrating the spirit of nationalism.

The main objective of our CSR program is to help the Company evolve as a responsible, trusted and esteemed corporate citizen that is not only law-abiding, but also pro-active in service innovation and enhancing the lives of the community.

As a sign of our serious commitment and focus, Indosat’s CSR initiatives concentrate on the five key areas of Organization Governance, Consumer Issues,

Labour Practice, Green Environment and Community Involvement.

A full account of the Company’s responsibilities toward stakeholders is presented in our “Sustainability Report”.

INDEPENDENCE

In keeping with the spirit of independence, we make every effort to encourage each of our workforce units to be independent and not to be overtly influenced by a particular interest. Some of our efforts include minimalising any conflicts of interest in management and operational activities.

Multiple Appointments

Members of Indosat’s Board of Commissioners and Board of Directors are talented and respected individuals, who often undertake multiple leadership roles and appointments in the wider community. We have ensured that these external activities do not affect their ability to carry out their responsibilities in Indosat to the fullest capacity.

Multiple appointments of Directors and Commissioners

Name	Company’s Position	Position in other Company
H.E. Sheikh Abdullah Bin Mohammed Bin Saud Al Thani	President Commissioner	Chairman of the Board of Directors Qatar Telecom (Qtel)
H.E. Sheikh Mohamed Bin Suhaim Hamad Al Thani	Commissioner	Vice Chairman of the Board and Chairman of the Investment Committee Qatar Telecom (Qtel)
Dr Nasser Marafih	Commissioner	Chief Executive Officer Qatar Telecom (Qtel)
Jarman	Commissioner	Asistant to Deputy State Minister of State-owned Enterprises, on Energy Business
Rachmat Gobel	Commissioner	Heads PT Gobel Indonesia
Rionald Silaban	Commissioner	Director of Centre for Analysis and Policy Alignment in Indonesia Ministry of Finance
George Thia Peng Heok	Independent Commissioner	Director/Consultant di Asiainc Private Limited
Setyanto P. Santosa	Independent Commissioner	Lecturer at Faculty of Economics - University of Padjadjaran
Michael Latimer	Independent Commissioner	Owns Private Investment Company Chairman of the Permanent Committee of Telecommunications of the Indonesian Chamber of Commerce and Industry
Johnny Swandi Sjam	President Director	
Fadzri Sentosa	Jabotabek & Corporate Sales Director	Commisioner in PT Indosat Mega Media dan PT Aplikanusa Lintasarta

Special Register

To avoid any conflict of interest, members of our Board of Commissioners and Board of Directors are encouraged to disclose and confirm ownership in Indosat shares, as well as in shares of other companies. This includes ownership by their immediate family

members. Their disclosures are recorded and filed by the Corporate Secretary.

Details of Indosat Share Ownership in 2008 based on confirmation provided by members of the two Boards are shown in the following table:

Name	Position	Shares	%
Johnny Swandi Sjam	President Director	30,000	0.0006
Wahyu Wijayadi	Corporate Services Director	152,500	0.0028
Fadzri Sentosa	Jabotabek & Corporate Sales Director	10,000	0.0002
Raymond Tan Kim Meng	Network Director	222,500	0.0041
Wong Heang Tuck	Finance Director	75,000	0.0014

Independent Auditor

The Independent Auditor is appointed by Shareholders at the AGM based on recommendations from the Board of Commissioners and the Audit Committee. At the 2008 AGM on June 5, 2008 Shareholders approved the appointment of Purwantono, Sarwoko & Sandjaja (a member of Ernst & Young Global) as Indosat's Independent Auditor for 2008. In addition, Shareholders also authorized the Board of Commissioners to stipulate the terms and conditions of the appointment.

Shareholders at the AGM also delegated their authority to the Board of Commissioners to appoint an alternate Public Accountant Firm and stipulate the appropriate terms and conditions of appointment, should the original appointed Accountant not be able to carry out its duty for any reason, subject to the prevailing rules and regulations.

The following table lists a summary of fees paid to Purwantono, Sarwoko & Sandjaja (previously Prasetio, Sarwoko & Sandjaja), an Indonesian member firm of Ernst & Young Global, for its work completed as the Independent Auditor to the Company for the financial year ended December 31, 2008.

	2007	2008
	(in US\$)	(in US\$)
Audit Fee	2,132,600	1,963,307
Audit Related Expenses	1,557,200	953,962
Tax	-	-
Miscellaneous	-	-
Total	3,689,800	2,917,269

For further details of the fees and services of the Public Accounting Firm, please refer to Item 16C of the Annual Report on Form 20-F, or page 190 in this Annual Report.

To safeguard the independence of the appointed external Auditor, we have set forth a hiring policy addressing the employment by Indosat of employees,

former employees or close relatives of employees of the Independent Auditor and the provision of non-audit services by the Independent Auditor to Indosat.

The hiring policy for former employees of the independent auditing firm stipulates a "cooling-off period" or "window period" before they are eligible to work for Indosat, particularly in certain appointments. The terms of this policy are intended to comply with Bapepam-LK regulation No. VIII.A.2 and Article 206 of the Sarbanes Oxley Act.

General Meetings of Shareholders

We applied the latest technology at all the General Meetings of Shareholders. This was evident at every stage – from groundwork preparation to the actual Meeting processes and finally the circulation of Meeting results electronically.

In 2008, we held three General Meetings of Shareholders, all at the Indosat headquarters in Jakarta.

Details of the General Meetings in 2008 are as follows:

Annual General Meeting of Shareholders

Announcement : April 30, 2008

Invitation : May 14, 2008

Date of Meeting : June 5, 2008

Agenda:

1. To approve the annual report and to ratify the financial statements of the Company for the financial year ended December 31, 2007 and thereby release and discharge the Board of Commissioners from their supervisory responsibilities and the Board of Directors from their managerial responsibilities for the financial year ended December 31, 2007 to the extent that their actions are reflected in the financial statements of the Company for the financial year ended December 31, 2007 on the basis that such actions do not conflict with or violate prevailing laws and regulations.
2. To approve the allocations of net profit for reserve funds, dividends and other purposes and to approve the determination of the amount, time and manner of payment of dividends for the financial year ended December 31, 2007.
3. To determine the remuneration for the Board of Commissioners of the Company for 2008.
4. To approve the appointment of the Company's Independent Auditor for the financial year ended December 31, 2008.
5. To approve the change in composition of the Board of Commissioners of the Company due to the end of the term of office.

Extraordinary General Meeting of Shareholders I

Announcement : June 13, 2008

Invitation : June 27, 2008

Date of Meeting : July 14, 2008

Agenda : Approval to the Ammendment of the Articles of Association

Extraordinary General Meeting of Shareholders II

Announcement	: July 24, 2008
Invitation	: August 8, 2008
Date of Meeting	: August 25, 2008
Agenda	: Approval to Changes of the Composition of the Board of Commissioners and or Boards of Directors of the Company

FAIRNESS

We make every attempt to treat all stakeholders fairly. We also provide fair opportunity in the recruitment process and in career development for all Indosat employees.

Fair Disclosure to Shareholders

We treat all shareholders equally, providing all with equal access to timely updates of material information or disclosures. To avoid selective disclosure, every single piece of information that has been disclosed to the general public is uploaded onto our website at <http://www.indosat.com>.

To ensure that all shareholders receive the same information, we have, since 2007, been including in our Annual Report the Form 20-F submitted to the US-SEC. Both reports are simultaneously reported to the Indonesia and US capital market authorities.

Restriction of Insider Trading

To avoid any insider trading, the Company applies a trading window policy every quarter. The policy is based on the concept that the period following a company's quarterly earnings disclosure is a safe time for insiders to sell (or buy) company stock. The trading window period commences two business days after the Company discloses its quarterly earnings and closes 10 business days after that. The purpose of the two-day interval is to allow the market time to react to the earnings release, and to digest such information.

Human Resources

Here at Indosat we are proud of the rich diversity and creative potential of our staff, who hail from a myriad of social and education backgrounds. To ensure that all receive equal treatment and an equal chance at career development and advancement, we have adopted a culture of 'equal opportunity' for our employees, throughout our operations.

We conduct what we term a work satisfaction survey every other year (biannually), to gauge the level of employee satisfaction as well as their sense of loyalty. The survey results in 2008 shows that Indosat has outperformed in one particularly important key indicator. Our employee turnover stands at 2 per cent per annum, far below the telecommunications industry average of about 6 per cent per annum. This result is a solid basis for us to continue to be the employer of choice in the more than 20 provinces in which we operate.

We firmly believe that our employees and human resources are a key asset to Indosat, and that we should continuously invest in their development and skills. We place great emphasis on providing a conducive and supportive learning environment, and continue to seek to increase staff training. The number of days of training has, in fact, been included as part of staff performance evaluation, to underscore our serious intent in this matter.

In 2008, each employee received on average a total of 15.92 days of training, an improvement of 0.76% over the previous year (2007), where the average number of training days was 15.8.

In all, the Company arranged and administered 988 training programs in 2008, spanning from in-house training to external training, on-line training and project training. The total investment in training was Rp31.5 billion, an increase of 11.7% over 2007's amount.

In addition to training and development programs, we also seek to create a comfortable and healthy working environment for our employees. As such, we offer a wide range of support and recreational facilities including a staff canteen, nursery room, medical clinic, sports facilities, among others. We have also established partnerships with several hospitals to provide healthcare benefits to all our employees.

In 2008, we refined the merit system in our remuneration program, which is linked to the performance of the Company. We also developed an HR information system enabling on-line approval for business trips, expenditures, medical reimbursements, as well as on-line learning, including an application known as "Mylearning". In recognition of this, we received the E-learning Award for the Corporate category, from the Ministry of National Education, The Centre of Information Technology and Communication.

Finally, to ensure that our employees continue to maintain a good standard of living after retirement, we provide them with an employee pension scheme through the Financial Institution Pension Fund Program.

Collective Labour Agreement

The Indosat Labour Union (*Serikat Pekerja Indosat/SPI*) was established on August 25, 1999. On June 5, 2008, the SPI signed an agreement with Indosat management, the terms of which covered general provisions governing working hours, salary, employee development, health, safety and security and environment (HSSE), employee welfare, social benefit, disciplinary procedures and dispute settlement mechanisms. Some of our employees are entitled to a regulated pension scheme whereby they will receive monthly payments and benefits through PT Asuransi Jiwasraya (Persero).

Internal Communications

We strive to implement an open management approach within Indosat.

The Company is structured in the following order: from Divisions to Groups and finally to Directorates (largest). Each Group conducts a weekly meeting to discuss operational activities. On a larger scale, a directorate meeting chaired by the respective directors is held and attended by directorate senior staff. In addition, a management meeting involving all Group and Division heads is held at least once every three months. A workshop is conducted once a year for all Group and Division heads to discuss the Company's annual work plan.

The Company also arranges for semi-annual forums for Directors and employees to discuss various significant developments. Such forums are actively attended by all employees, including those in regional offices who participate via video conference. The directors also take turns to visit Indosat operations in the various regions, to motivate staff and communicate

to them the Company's goals and targets, material developments and other relevant matters. All these initiatives allow for dialogue between the management and employees, and also provide opportunities for employees to convey constructive feedback to the Company.

In 2008, Directors conducted four work visits cum communication forums in the following regions: Pontianak, Lampung, Padang and Manado. In addition, each director also visited regional offices related to their respective areas of responsibility.

All Company information, policies and activities can be accessed online through the "My Indosat" portal. Some of the portal menus and applications available to employees include "I-Policy" – an electronic data bank for all Company policies, as well as Telecommunications Regulations, Product Knowledge, and "My Values", a feature that helps employees refresh their knowledge of the Company's values. News related to Indosat and other telecommunications providers are also available on this portal.

Our President Director also writes a CEO blog which facilitates an interactive, two-way dialogue with all employees. We have also established "MyInfo", an application that allows each employee to upload personal information such as their curriculum vitae and annual leave requests, and to access the electronic appraisal system, among other functions. To that objectives, we are committed to complying with the highest standard of good corporate governance principles.