

QUARTERLY REPORT

PUBLIC JOINT STOCK COMPANY "SOUTHERN TELECOMMUNICATIONS COMPANY"

The Issuer's
code:

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for the 2nd quarter of 2005

Location: 66, Karasunskaya Str., Krasnodar, 350000

Information contained in the given quarterly report shall be disclosed in accordance with the legislation of the Russian Federation on securities

Acting General Director of "UTK" PJSC

(signature)

V. A. Moskalev

Name, second name,
surname

" 15 " August 2005

Chief Accountant of "UTK" PJSC

(signature)

T. V. Rusinova

Name, second name,
surname

" 15 " August 2005

Seal

Contact person: ***Julia Konstantinovna Omelchenko, Head of Equity Markets and Securities section***

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Introduction

1. Issuer's full and abbreviated registered names.

Открытое акционерное общество "Южная телекоммуникационная компания"
Public Joint Stock Company "Southern Telecommunications Company"
ОАО "ЮТК"
"UTK" PJSC

2. Location of the Issuer.

66, Karasunskaya Street, Krasnodar, 350000

3. Issuer's contact numbers, e-mail address.

Phone: (861) 253-20-56

Fax: (861) 253-19-69

e-mail: ocb@mail.stcompany.ru

4. Internet website.

<http://www.stcompany.ru>

5. Essential information about Issuer's circulating securities

Kind of securities	Category (type) of securities	Series of securities	Form of securities	Number of placed securities (units)	face value of one security (RUR)	Full name of securities
Shares	Ordinary	-	registered non-documentary	2, 960, 512, 964	0.33	registered non-documentary ordinary shares
Shares	Preference type A	-	registered non-documentary	972, 151, 838	0.33	registered non-documentary preference type A shares
Bonds	Interest-bearing	C-2	registered non-documentary	6	300	C-2 series registered non-documentary bonds
Bonds	Interest-bearing	01	documentary pay-to-bearer	1, 500, 000	1, 000	series 01 non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody.
Bonds	Interest-bearing	02	documentary pay-to-bearer	1, 500, 000	1, 000	series 02 non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody.
Bonds	Interest-bearing	03	documentary pay-to-bearer	3, 500, 000	1, 000	series 03 non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody.

6. Other information

No such information

7. The present quarterly Report includes estimates and forecasts of the Issuer's authorized governing bodies relating to the future events and/or actions, development trends of telecommunications sector which the Issuer belongs to, as well as the Issuer's performance results

including its plans, certain events and actions probability. Investors should not fully rely on the estimates and forecasts of the Issuer's authorized governing bodies because in the future the actual results of the Issuer's performance may be different from the expected ones for many reasons. Acquisition of the Issuer's securities includes some risks described in the present quarterly Report.

I. Brief information about the persons forming the Issuer's governing bodies, information about the Company's bank accounts, Auditor, Appraiser and Financial Consultant as well as about the other persons who signed the quarterly report.

1.1. Persons forming the Issuer's governing bodies.

The Issuer's governing body	Name, surname	Year of birth
Personal membership of the Issuer's Board of Directors	Kuznetsov Sergei Ivanovich (Chairman)	1953
	Belyaev Konstantin Vladimirovich	1968
	Vasilyev Mikhail Borisovich	1954
	Veremianina Valentina Fyodorovna	1966
	Gavrilenko Anatoly Anatolievich	1972
	Zabuzova Elena Viktorovna	1950
	Kulikov Denis Viktorovich	1975
	Panchenko Stanislav Nikolaevich	1945
	Romsky Georgy Alekseevich	1956
	Chechelnskiy Eugheny Aleksandrovich	1973
Yuriev Vladimir Pavlovich	1946	
Personal membership of the Issuer's collegiate executive body (Management Board): The term of office expired on June 30, 2005.	Romsky Georgy Alekseevich (Chairman)	1956
	Ignatenko Ivan Fyodorovich	1945
	Apalko Alexander Valentinovich	1947
	Devyatkina Lyudmila Ivanovna	1955
	Lyakh Dmitri Georgievich	1978
	Kozhiev Beshtau Kanamatovich	1937
	Korotenko Svetlana Vasilyevna	1962
	Kruzhkov Viktor Alexandrovich	1952
	Litvinov Andrey Aleksandrovich	1973
	Malova Antonida Mikhailovna	1954
	Poyarkov Yevgeni Nikolaevich	1943
	Prachkin Alexei Petrovich	1949
	Roitblat Alexander Markovich	1947
	Rusinova Tatiana Viktorovna	1958
	Statuev Vladislav Andreevich	1956
	Fefilova Svetlana Gennadievna	1970
Martynenko Nikolay Vladimirovich	1971	
Shukhostanov Amdulkhamid Kistuevich	1946	
Personal membership of the Issuer's collegiate executive body (Management Board): Elected on July 22, 2005 (Minutes of the Board of Directors № 2 of July 22, 2005)	Romsky Georgy Alexeevich (Chairman)	1956
	Devyatkina Lyudmila Ivanovna	1955
	Litvinov Andrey Alexandrovich	1973
	Lyakh Dmitry Georgievich	1978
	Martynenko Nikolay Vladimirovich	1971
	Statuev Vladislav Andreevich	1956
	Poyarkov Yevgeni Nikolaevich	1943
Roitblat Alexander Markovich	1947	

The Issuer's governing body	Name, surname	Year of birth
	Rusinova Tatyana Viktorovna	1958
	Moskalev Valeriy Anatolievich	1962
	Kondrakov Denis Yurievich	1977
	Krasulya Lyudmila Nikolaevna	1956
	Prokofieva Irina Viktorovna	1968
The person acting as the Issuer's individual executive body (General Director):	Romsky Georgy Alekseevich	1956

1.2. Information about the Issuer's bank accounts

Full registered name of the bank	Abbreviated name of the bank	Location	TIN	Account number	Type of account	BIC	Correspondent account
Krasnodar branch № 8619 of the South-Western bank of the Savings Bank of Russia	Krasnodar OSB № 8619 of the South-Western bank of the RF SB	65, Gimnazicheskaya Str., Krasnodar, Krasnodar Krai, 350000	7707083893	40702810330010405048, 40702810230000100123, 40702810530000100124, 40702810830000100125, 40702810130000100126, 40702810430000100127, 40702810730000100128, 40702810030000100129	settlement	040349602	30101810100000000602
Joint-stock commercial bank "Rosbank" (open Joint –Stock Company)	OJSC AKB "Rosbank"	118, Krasnaya Str., Krasnodar, 350000	7730060164	40702810110020010593	settlement	040349796	30101810100000000796
Branch "Krasnodarskiy" of the open joint-stock company "Alfa-bank"	Branch "Krasnodarskiy" of OJSC "Alfa-bank"	124, Krasnaya Str., Krasnodar, 350000	7728168971	40702810600160000618	settlement	040349570	30101810300000000570

1.3. Data on Issuer's Auditor (Auditors)

1.3.1. Full name: "Ernst and Young Vneshaudit" Private Joint-Stock Company

Abbreviated name *ZAO "Ernst and Young Vneshaudit"*

Location: *building 1, 77, Sadovnicheskaya nab., Moscow, Russian Federation, 115035*

Tel: *(095) 755-97-00*

Fax: *(095) 755-97-01*

e-mail: *moscow@eyi.com*

Data on Auditor's license:

No. of license for auditing: *E003246*

Date of issue: *17.01.2003*

Period: *till 17.01.2008*

Authority issuing the license: *Ministry of Finance of the Russian Federation*

Fiscal year, for which the auditor independently checked the issuer's accounts and financial (book-keeping) statements: *Financial statements according to RAS for the years 2002-2004, consolidated financial statements according to GAAP USA for the year 2001, consolidated financial statements according to IAS for the years 2002-2004.*

Factors that may have influence on independence of the auditor on the issuer including information on any essential interests connecting the auditor (auditor's officials) with the issuer (issuer's officials) as well as measures that have been taken by the Issuer and the auditor to reduce the influence of the said factors:

Share of the auditor's (auditor's officials') participation in the authorized capital of the issuer:
none

Granting loans and credits by the issuer to the auditor (auditor's officials):

no loans or credits have been granted

Any close business relationships (participation in issuer's products (services) promotion, participation in joint business, etc.):

None

Immediate family members:

None

Data on issuer's executive officers who are at the same time the auditor's executive officers:

no such persons

Pursuant to the Law "On Audit" № 119-FZ of 07.08.2001 audit shall not be performed by:

- 1) auditors being founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements;*
- 2) auditors being immediate family members of founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements (their parents, spouse, brothers, sisters, children as well as mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law);*
- 3) auditing companies whose executive officers and other officials are founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements;*
- 4) auditing companies whose executive officers and other officials are immediate family members of founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements (their parents, spouse, brothers, sisters, children as well as mothers- and fathers-in-law,*

- sons- and daughters-in-law, brothers- and sisters-in-law);*
- 5) *auditing companies in relation to audited persons being their founders (participants), in relation to audited persons of whom these auditing companies are founders (participants), in relation to affiliates, branches and representative offices of the indicated audited persons as well as in relation to the companies having the same founders (participants);*
 - 6) *auditing companies and auditors who provided services on accounting and making financial reports to natural and legal entities – in relation to such persons - until three years after provision of such services.*

Terms and size of compensation to be paid to auditing companies and individual auditors for performing audit (including mandatory one) and providing auxiliary services shall be determined in the Agreements on providing audit services and may not depend on the results of the audit.

Issuer's auditor selection procedure:

Every year the Company engages a qualified auditor having no material relationships with the Company and its shareholders to carry out audit and confirm authenticity of the Company's annual financial statements.

The Auditor performs audit of the Company's financial and economic activity in accordance with the legislation of the Russian Federation on a contractual basis.

Board of Directors proposes an auditor for election. The auditor is to be approved by the Annual General Shareholders' Meeting. Terms of the Contract with the Auditor including size of compensation (fee) are to be approved by the Company Board of Directors.

Audit of economic and financial activity of the company shall be performed at any time at the request of shareholders owning in the aggregate 10 (ten) or more percent of the authorized capital. The shareholders initiating an audit shall submit a written request to the Board of Directors including reason of the request, names of the shareholders, number and type of shares owned by them, signature of the shareholder or his proxy. Should a proxy sign the request, Letter of Attorney shall be attached to the request.

Information on the work performed by the auditor in the framework of special auditor assignments:

no such work has been performed

Procedure of determining the auditor's compensation:

Size of compensation to be paid to auditor shall be determined by the Issuer's Board of Directors.

Any postpones or outstanding payments for services provided by the auditor:

No postpones or outstanding payments for services provided by the auditor.

1.3.2. Annual General Shareholders' Meeting held on June 30, 2005 approved the Company with Limited Liability "Ernst and Young" as the Company's Auditor for performing independent audit of financial statements for 2005 fiscal year.

Full name: "*Ernst and Young*" Company with Limited Liability

Abbreviated name "*Ernst and Young*" LLC

Location: *building 1, 77, Sadovnicheskaya nab., Moscow, Russian Federation, 115035*

Tel: *(095) 755-97-00*

Fax: *(095) 755-97-01*

e-mail: *moscow@eyi.com*

Data on Auditor's license:

No. of license for auditing: *E002138*

Date of issue: *30.09.2002*

Period: *till 30.09.2007*

Authority issuing the license: *Ministry of Finance of the Russian Federation*

Fiscal year, for which the auditor independently checked the issuer's accounts and financial (book-keeping) statements: ***no audits have been carried out***

Factors that may have influence on independence of the auditor on the issuer including information on any essential interests connecting the auditor (auditor's officials) with the issuer (issuer's officials) as well as measures that have been taken by the Issuer and the auditor to reduce the influence of the said factors:

Share of the auditor's (auditor's officials') participation in the authorized capital of the issuer:
none

Granting loans and credits by the issuer to the auditor (auditor's officials):

no loans or credits have been granted

Any close business relationships (participation in issuer's products (services) promotion, participation in joint business, etc.):

None

Immediate family members:

None

Data on issuer's executive officers who are at the same time the auditor's executive officers:

no such persons

Pursuant to the Law "On Audit" № 119-FZ of 07.08.2001 audit shall not be performed by:

- 1) auditors being founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements;***
- 2) auditors being immediate family members of founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements (their parents, spouse, brothers, sisters, children as well as mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law);***
- 3) auditing companies whose executive officers and other officials are founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements;***
- 4) auditing companies whose executive officers and other officials are immediate family members of founders (shareholders) of audited persons, their executive officers, accountants or other persons responsible for accounting and making financial (accounting) statements (their parents, spouse, brothers, sisters, children as well as mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law);***
- 5) auditing companies in relation to audited persons being their founders (participants), in relation to audited persons of whom these auditing companies are founders (participants), in relation to affiliates, branches and representative offices of the indicated audited persons as well as in relation to the companies having the same founders (participants);***
- 6) auditing companies and auditors who provided services on accounting and making financial reports to natural and legal entities – in relation to such persons - until three years after provision of such services.***

Terms and size of compensation to be paid to auditing companies and individual auditors for performing audit (including mandatory one) and providing auxiliary services shall be determined in the Agreements on providing audit services and may not depend on the results of the audit.

Issuer's auditor selection procedure:

Every year the Company engages a qualified auditor having no material relationships with the Company and its shareholders to carry out audit and confirm authenticity of the Company's annual financial statements.

The Auditor performs audit of the Company's financial and economic activity in accordance with the legislation of the Russian Federation on a contractual basis.

On March 3, 2005 the Board of Directors of the Issuer approved the Provisions on the procedure for holding a contest for selection of an auditing company for performing audit of accounting procedures and financial statements of "UTK" PJSC. These Provisions will be applied in 2006.

At the session of the Audit Committee of UTK's Board of Directors held on May 11, 2005 Ernst and Young LLC was proposed to be appointed the Auditor of "UTK" PJSC for 2005.

The auditor is to be approved by the Annual General Shareholders' Meeting. Terms of the Contract with the Auditor including size of compensation (fee) are to be approved by the Company Board of Directors.

Audit of economic and financial activity of the company shall be performed at any time at the request of shareholders owning in the aggregate 10 (ten) or more percent of the authorized capital. The shareholders initiating an audit shall submit a written request to the Board of Directors including reason of the request, names of the shareholders, number and type of shares owned by them, signature of the shareholder or his proxy. Should a proxy sign the request, Letter of Attorney shall be attached to the request.

Information on the work performed by the auditor in the framework of special auditor assignments:

no such work has been performed

Procedure of determining the auditor's compensation:

Size of compensation to be paid to auditor shall be determined by the Issuer's Board of Directors.

Any postpones or outstanding payments for services provided by the auditor:

No postpones or outstanding payments for services provided by the auditor.

1.4. Data on the Issuer's Appraiser

No Appraiser in the reporting period.

1.5. Data on the Issuer's Consultants

Full name: **Closed joint-stock company "AVK Investment Company"**

Abbreviated name **CJSC "IK AVK"**

Place of business: **1, Uritskogo pavilion, Pushkin, St. Petersburg, 196605, Russia**

TIN: **7820002270**

Telephone: **(812) 230-77-33**

Fax: **(812) 237-06-50**

e-mail: **postmaster@avk.ru**

Internet site used by the financial consultant for disclosure of information about the Issuer:

<http://www.avk.ru>

Licenses:

License of a professional participant of the securities market for dealership:

No of the License: 178-03343-010000

Date of issue: November 29, 2000

Period: unlimited

Authority issuing the license: Federal Commission for Securities Market of Russia

License of a professional participant of the securities market for brokerage:

No of the license: 178-03255-100000

Date of issue: November 29, 2000

Period: unlimited

Authority issuing the license: Federal Commission for Securities Market of Russia

Services provided by the consultant:

Services of a financial consultant in the equity market under the Agreement №86-OF/03 of September 1, 2003 on the organization of the issue of 1 500 000 (one million five hundred thousand) series 02 non-convertible interest-bearing documentary pay-to-bearer bonds with face value of 1000

(one thousand) rubles each and mandatory centralized custody. The Maturity date is the 1 092nd (one thousand and ninety second) day from the starting date of the bonds placement through public subscription.

Services on monitoring of information disclosure by Issuers according to the Regulations on information disclosure by Issuers of securities approved by the Decision of the Federal Commission for Securities Market of Russia №03-32/ps of July 2, 2003.

Full registered name of the financial consultant in the equity market: **Open Joint –Stock Company "Federalnaya Fondovaya Korporatsiya"**

Abbreviated registered name: **OJSC "FFK"**

Location: **25, Ostozhenka, Moscow, 119034**

TIN: **7706024711**

Tel.: **(095) 737-86-30, (095) 737-86-31**

Fax: **(095) 737-86-32**

Internet site used by the Financial Consultant to disclose information about the Issuer: **www.fscorp.ru**

License of a professional participant of the securities market for brokerage:

No of the license: **077-06174-100000**

Date of issue: **29 August 2003**

Period: **unlimited**

Authority issuing the license: **Federal Commission for Securities Market of Russia**

License of a professional participant of the securities market for dealership:

No of the license: **077-06178-100000**

Date of issue: **29 August 2003**

Period: **unlimited**

Authority issuing the license: **Federal Commission for Securities Market of Russia**

Information on the services rendered by the Consultant:

Services of the Financial consultant on the securities market under the Agreement № FK 96-04 of June 04, 2004, namely:

- **Assistance in preparation of Emissive prospectus of the Bonds;**
- **after appropriate check and reception of corresponding written guarantees from the Issuer of the reliability and completeness of the information contained in the Prospectus of Bonds, except for a part to be confirmed by the auditor and-or the appraiser - signing of the Prospectus of Bonds as well as documents which may be needed by the Issuer for the organization of the circulation and, if applicable, placement of the Bonds by organizers of trade;**
- **control of observance of federal laws and other legal acts, including requirements to advertising and procedure for disclosing information, including monitoring of disclosing information during the securities' issue, as well as observance of the terms of placement stipulated by the Decision on the Bonds issue;**
- **signing the Report on the results of the bond issue after its due examination;**
- **consulting on the preparation of the Decision on the bond issue, Prospectus of bonds, Report on the results of the bond issue, other documents relating to the issue, placement, circulation of the Bonds as well as on current matters of the bond issue;**
- **consulting on the preparation of the Decisions of the authorized bodies of the Issuer necessary for the organization of the bond issue and placement (Decision on the bond placement, Approval of the related party transaction, Approval of the major transaction, Approval of the Decision on the bond issue, Approval of the Report on the results of the**

bond issue and others);

- *consulting on the Russian legislation dealing with issue of corporate bonds and on the requirements of the effective legislation dealing with disclosure of information during the securities' issue.*

Full registered name of the financial consultant in the equity market: ***Closed Joint –Stock Company "Renaissance Capital"***

Abbreviated registered name: ***CJSC " Renaissance Capital "***

Location: ***4th floor, 22, Usadba-Center, Voznesenskiy per., Moscow, 125009***

TIN: ***7706024711***

Tel.: ***(095) 258-77-77***

Fax: ***(095) 258-77-78***

Internet site used by the Financial Consultant to disclose information about the Issuer: ***www.ebanking.ru***

License of a professional participant of the securities market for brokerage:

No of the license: ***177-05370-100000***

Date of issue: ***July 12, 2001***

Period: ***unlimited***

Authority issuing the license: ***Federal Commission for Securities Market of Russia***

License of a professional participant of the securities market for dealership:

No of the license: ***177-05386-100000***

Date of issue: ***July 12, 2001***

Period: ***unlimited***

Authority issuing the license: ***Federal Commission for Securities Market of Russia***

Information on the services provided by the Consultant:

Services of the Financial consultant on the securities market under the Agreement without number of May 5,2003, namely:

- *Assistance in preparation of documents which may be needed by the Issuer for the organization of the Bond issue including preparation of the text of the Decision on the bond issue (series 01 non-convertible interest-bearing documentary pay-to-bearer bonds);*
- *Preparation of the text of the Prospectus of Bonds;*
- *consulting on preparation of documents that may be needed for registration of the Decision on the bond issue and the Prospectus of bonds.*

1.6. Data on Other Parties Who Have Signed the Quarterly Report

Only the officials of the Issuer have signed quarterly report for the accounting period

II. Key Information on the Financial and Economic Position of the Issuer

2.1. Indices of Issuer's Financial and Economic Performance

Key financial highlights

Description	2nd quarter of 2005
Net assets, RUR ths	12, 628, 740, 000
Borrowed funds to the capital and reserves ratio, %	252.12
Short-term liabilities to the capital and reserves ratio, %	148.35

Description	2 nd quarter of 2005
Debt service, RUR	0.8
Overdue debt level, %	1.79
Turnover rate of accounts receivable, times	6.81
Portion of dividends in profits, %	-
Labor productivity, RUR per employee	229, 188.56
Amortization to revenues ratio, %	13.02

The above indexes were calculated by the method recommended by the Provisions №03-32/ps on information disclosure by the issuers of emissive securities approved by the Order of the RF FFMS № 05-5/pz-n of March 16, 2005.

The Issuer's net assets as of June 30, 2005 increased by 1.01% or RUR 126 mln over June 30, 2004.

During the last years the Company made intensive borrowings to increase economic efficiency of investment projects being under realization.

Growth of borrowed funds to the capital and reserves ratio in the reporting period over a year-ago (by 56.26 percentage points) can be explained by the necessity of bank crediting of large-scale projects on digitization of telecommunications networks and development of new technologies.

In 1H2005 the index "debt service" from internal sources of financing increased by 0.66 rubles over 1H2004.

Overdue debt level is down 0.31 percentage points to 1.79 %.

In 1H2005 accounts receivable turnover rate made up 6.81 times or 27 days which is 14 days faster than in 1H2004.

Labor productivity in the accounting period increased by 29,756 rubles per employee (by 14.9%) over a year-ago that is a favorable factor.

Amortization to revenues ratio increased by 2.59 percentage points over 1H2004.

In spite of difficult financial situation and negative trend of some indexes the Issuer maintains its paying capacity.

2.2. The Issuer's Market Capitalization

Market capitalization of the Issuer for the last 5 complete financial years, or for each complete fiscal year if the Issuer operates for less than 5 years and on the expiry date of the last complete accounting period:

Date	Market capitalization, USD*	Rate of exchange**
31.12.1999	76, 186, 758 ***	27.0000
31.12.2000	110, 169, 736 ***	28.1600
31.12.2001	79, 385, 662	30.1400
31.12.2002	268, 721, 558	31.7844
31.12.2003	366, 269, 116	29.4545
30.09.2004	288, 779, 397	29.2171
31.12.2004	279, 433, 761	27.7487
31.03.2005	361, 660, 791	27.8256
30.06.2005	352,548,131	28.6721

* - according to RTS stock exchange

** - the rate of exchange of the Central Bank of the Russian Federation as on the expiry date of the

period under report.

***** - market capitalization is calculated on the basis of common shares because less than 10 transactions with preference shares have been concluded through the organizer of trade on the securities market within the last 3 months.**

Market capitalization is calculated by the method for determining the Issuer's market capitalization recommended by the Provisions №03-32/ps on information disclosure by the issuers of emissive securities approved by FCSM of Russia.

The Issuer's market capitalization is calculated as a product of the number of shares of the corresponding category (type) and the weighted average price of one share of this category (type). The weighted average price of one share is calculated on the basis of 10 largest transactions concluded at the trading session in the RTS Stock Exchange in the month preceding the expiry date of the last reporting quarter, or in the last month of each complete financial year for which the Issuer's market capitalization is specified. If less than 10 transactions are concluded during the specified month, the average weighted price of one share shall be calculated on the basis of 10 largest transactions concluded at the trading session in the RTS Stock Exchange during the specified month and two preceding ones. If less than 10 transactions are concluded during the abovementioned three months, the average weighted price of one share shall not be calculated.

2.3. Issuer's Liabilities

2.3.1. Accounts payable

Description	30.06.2005
Accounts payable – total, RUR	30,363,347,000
Overdue accounts payable, RUR	555,331,600

Kind of overdue debts:

The outstanding debt to Vneshtorgbank under the agreements № 109-1-1-27 of 19.06.1996, № 56-1-1-27 of 21.03.1995, № 113-1-1-27 of 19.06.1996, № 223-1-1-27 of 10.07.1997, № 53-1-1-27 of 21.03.1995, № 207-1-1-27 of 10.07.1997, № 148-1-1-27 of 02.12.1996, № 66-1-1-27 of 21.03.1995, № 67-1-1-27 of 12.03.1995, № 225-1-1-27 of 10.07.1997, № 108-1-1-27 of 19.09.1996, № 143-1-1-27 of 02.12.1996.

Reason for non-execution of obligations: **default of 1998**

Consequences that have already occurred or may occur in the future due to non-execution of its obligations: **new payment schedules with the installment plan till 2007 have been signed. The Company works on repayment of the main debt and restructuring of its overdue part with writing-off of penalty interests. Vneshtorgbank has not put forward any additional requirements. The debt amount is less than the Company's monthly revenue and even claiming the whole sum will not present any problems for the Company.**

Sanctions imposed on the Issuer: **penalty interest**

Term (proposed term) of the overdue debts' repayment: **till 2007 inclusive**

Structure of the Issuer's payables

Payables	30.06.2005	
	The term of payment	
	Less than 1 year	More than 1 year
Accounts payable to suppliers and contractors, RUR	4,557, 885,518	3,738,314,682
Including overdue payables, RUR		
Accounts payable to the Company's employees, RUR	169,899,446	0
Including overdue payables, RUR		

Payables	The term of payment	
	Less than 1 year	More than 1 year
Accounts payable to budget and government out-of-the-budget funds, RUR	266,593,512	226,992
Including overdue debts, RUR		
Credits, RUR	5,238,486,934	5,750,429,389
Including overdue debts, RUR	555,331,600	
Loans, total, RUR.	6,550,990,298	2,538,795,115
Including overdue payables, RUR		
Including bonded debts	5,000,000,000	1,500,000,000
Including overdue bonded debts, RUR		
Other accounts payable, RUR	831,491,930	720,233,439
Including overdue payables, RUR		
Total debt, RUR	17,615,347,638	12,747,999,617
Including overdue debts, RUR	555,331,600	

Creditors, the debt to which is at least 10 per cent of the total debt:

Full and abbreviated registered names: Joint-Stock Commercial Savings bank of the Russian Federation (open Joint –Stock Company)/Sberbank of Russia OAO

Location: 65, Gimnazicheskaya Str., Krasnodar, 350000

Accounts payable as of 30.06.2005: 3,289, 000 ths rubles

Accounts payable overdue: none

Sberbank of Russia is not the Issuer's affiliated person.

2.3.2. Issuer's crediting history

Information on execution of the liabilities under former and current agreements of credit or/and any agreements of loan for the last 5 complete financial years, or for each complete fiscal year if the Issuer operates for less than 5 years, and effective on the expiry date of the accounting period, the amount of principal debt under which as of the date of the last complete quarter under report preceding the conclusion of the respective agreement, would be 5 or more per cent of the value of net assets of the Company, as well as of other credit or/and any agreements of loan that the Issuer considers material:

Description of the liabilities	Name of the creditor	Amount of principal debt	Maturity date	Any delay in execution of liabilities
31.12.2001 – No such liabilities				
31.12.2002 – No such liabilities				
31.12.2003				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
31.12.2004				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
30.06.2005				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	none

Information on execution of the liabilities under each bond issue which total par value makes 5 and more percent of the balance sheet value of net assets of the Company as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue, and in case the bond placement is not completed or the state registration of the Report on the results of the bond issue is not effected for any other reasons, - as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue.

Description of the bond issue	Date of the state registration of the Report on the results of the bond issue	Total par value of the bond issue, RUR ths	Balance sheet value of the net assets of the Issuer, RUR ths	Share of total par value of the bond issue in the balance sheet value of the net assets, %	Maturity date	Any delay in execution of obligations
series 01 non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody.	21.10.2003	1,500,000	25,387,823	5.91	Three years / 14.09.2006	None
series 03 non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody.	11.11.2004	3,500,000	40,724,263	8.59	Five years / 10.10.2009	None

* - **Balance sheet value of the net assets of the Issuer is recorded as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue.**

2.3.3. Issuer's Liabilities of Security Granted to Third Parties

Description	2 quarter 2005
Issuer's liabilities of security granted to third parties, total, RUR ths	1,090,000
Total amount of the third parties' liabilities for which the Issuer granted the security to third parties including in the form of a pledge or surety, ths RUR:	7,577

The Issuer's liabilities of security granted to third parties in the quarter under report, including in the form of security or surety, the amount of which would exceed 5 % of the Company's assets: **this type of security was not granted**

2.3.4. Other liabilities of the Issuer.

The Issuer's agreements including urgent transactions not reflected in the balance sheet that may essentially affect the Issuer's financial position, its liquidity, sources of financing and terms of their usage, performance results and costs:

No such agreements.

2.4. Goals of the Issue and Areas of Using the Funds Received as a Result of placement the Issued Securities

Goals of the issue: **diversification of the credit portfolio, bond issue is the most cost-effective way to attract borrowed funds.**

Areas of Using the Funds Received as a Result of placement the Issued Securities: **it is planned that the funds obtained from placement of the Company's bonds will be used for financing the current activities by replenishment of current assets, development of existing telecommunications facilities and acquisition of new ones, modernization of telecom equipment, increase of its digitization level**

and development of new telecom services.

No funds were borrowed for financing a specific transaction (interrelated transactions) or any other operation.

The Issuer is not a state or municipal unitary company.

Payback of expenses based on forecast financial flows for the entire period of the bonds' circulation.

As no funds are borrowed for a specific transaction or any other specific operation, then the expenses at the cost of bond placement are estimated in the structure of general costs of the Issuer for day-to-day operation. That is why, payback of expenses made at the cost of bond placement agrees with payback of general costs of the Issuer for day-to-day operation.

During 2004 – 2009 earnings from day-to-day activities is expected to constantly exceed the running expenses (including coupon payments and retirement of bonds). Thus, indices of day-to-day activity payback calculated as ratio of the amount of earnings to total amount of running expenses will be from 101,04 to 101,46%.

Calculation of running expenses payback (forecast for 2004-2009) in accordance with the Prospectus of the issue of series 03 non-convertible interest-bearing documentary pay-to-bearer bonds, RUR this

Forecast of the cash movement	2005	2006	2007	2008	2009	Total
Earnings from sale of products (incl. VAT)	23 500 204	27 961 043	33 553 252	40 263 902	48 719 321	173 997 722
Other earnings, including bonded loan	8 740 850	7 607 330	6 273 962	3 758 126	2 000 580	28 380 848
TOTAL earnings, including bonded loan	32 241 054	35 568 373	39 827 214	44 022 028	50 719 901	202 378 570
Expenses relating to output of products	19 092 419	22 223 576	25 401 547	28 881 559	32 578 399	128 177 500
Other expenses, including coupon payments and retirement of bonds	12 796 132	12 925 381	13 922 367	14 536 510	17 410 132	71 590 522
TOTAL expenses, including coupon payments and retirement of bonds	31 888 551	35 148 957	39 323 914	43 418 069	49 988 531	199 768 022
Funds to be remained at the Company's disposal	352 503	419 416	503 300	603 959	731 370	2 610 548
Ratio of funds to be remained at the Company's disposal to the amount of total earnings, %	1.09	1.18	1.26	1.37	1.44	1.29
Payback of expenses (ratio of amount of earnings to the amount of expenses), %	101.11	101.19	101.28	101.39	101.46	101.31

The specified values are declarations about "forecasts of future results". Due to the effects of the risks and uncertainties described hereinafter the actual results could be significantly different from the forecasts stated in this part of the quarterly report.

Such risks include the possibility that the economic and financial environment of the Issuer may change affecting its development prospects. There are also risks related to possible change of political and economic situation in Russia, change of the Russian legislation, change of the current or future regulation of the Russia telecommunications sector as well as risks associated with competition and other factors.

2.5. Risks Related to Acquisition of the Placed Issued Securities (to be Placed)

2.5.1. Sector risks

The level of a competition in the Russian market of telecommunication services steadily grows. In spite of the fact that the market of fixed telephone services is shared among 7 inter-regional consolidated telecom operators, each of them being an absolute monopolist in the sphere of

traditional services, we observe strengthening of competition with alternative operators in the sphere of providing new telecom services and services of long-distance telephony. There is a risk of reduction in revenues from long-distance telephony as a result of termination of the traffic of alternative operators via IP-channels by the telecom operators connected to "UTK" PJSC. Market position of fixed telephony is weakening due to growth of the cellular market. According to 2004 preliminary results share of cellular services in total revenues of regional telecom market has made 51.5%. One of the major factors of uncertainty still remains a tariff reform, character and terms of which are not clear.

Deterioration of situation in the sector and the market position of the Company can be also caused by growth of competition in the Russian cellular market among Russian and foreign telecom operators, expansion of operators of competitive standards in the cellular market. We consider this risk to be the most essential of sector risks in the long term, but the existing situation in the high growth telecom market allows to estimate the given risk as minimal in the short and long terms.

"UTK" PJSC acts as a telecommunications operator; the Issuer does not export any products, works or services. In this connection we describe changes only for domestic market.

As a whole, sector risks influence on activity of the Issuer is estimated as minimal because due to consolidation "UTK" PJSC has an opportunity to use common infrastructure and technique of the Southern federal district, that allows to provide customers with maximum range of telecom services, and develop inter-regional communication networks for reduction in the cost price and increase in profitability of services.

In case of unfavorable development of the situation in the region and in the national economy, the Issuer plans:

- To optimize structure of production costs.*
- To reconsider the Company's investment program;*
- To correct the Company's price and marketing policy,*
- To change the structure of provided services in order to maximize the profit.*

"UTK" PJSC acts as a telecommunications operator; the Issuer does not export any products, works or services. In this connection we describe risks connected to possible change of prices for raw materials and services used by the Issuer only for domestic market.

Though sector risks are unlikely to occur, the specified risks may result in decrease of the Issuer's revenues that will have an adverse effect on its paying capacity.

One of the important development trends of the telecommunications sector within the next few years is radical improvement of a tariff policy used by telecommunications companies by means of bringing regulated tariffs to the level of economically justified costs, minimization of cross-subsidies of telecom services. In particular, within the framework of reform of pricing of telecom services, local tariffs are to be increased and cross-subsidy of local telephony at the expense of long-distance services is to be eliminated. Work on improvement of tariff policy is carried out by holding of Svyazinvest together with Ministry of information technologies and communications of the Russian Federation and Federal Antimonopoly Service.

2.5.2. National and regional risks

Main factors of national risks are the following:

- imperfection of the legislation regulating economic relations;*
- inefficiency of judicial system;*
- instability of the authorities in the subjects of the Russian Federation.*

Economic situation in the Southern Federal district may become worse in case of material changes in the economic situation in Russia, including drastic changes of national currency exchange rate that may result in reduction of the number of industry and agricultural enterprises of all forms of ownership operating in the district, growth of unemployment, decrease in the solvent demand of population. Such succession of events would result in suspension of the Issuer's investment program, decrease in volume of telecommunications services provided by the Issuer in the territory of the Southern federal district, and slowdown of revenues growth rate.

Political and economic situation in the country can be estimated as stable in the medium-term period and having a trend to improvement. Results of the elections to the State Duma and the presidential elections in Russia held on March 14, 2004 allow to predict with confidence that economic, legal and other reforms in the country will be continued that will result in increase in political and economic stability. In connection therewith we can speak about the essential downtrend of national risks. Their effect on the Issuer's economic operations can be recognized immaterial in the intermediate-term prospect.

Regional risks should be estimated as more significant, than national ones due to the fact that the Issuer operates in the territory of Northern Caucasus, which is the most politically unstable region of Russia.

Among the factors of regional investment risk for SFD, sociopolitical risks owing to presence of the potential centers of development of conflicts in boundary territories of Northern Caucasian Republics and affinity of the Chechen republic are of the greatest importance. The basic risks are connected with the possibility of nationalization of the private capitals at sharp change of a political policy or their destruction in case of armed conflict. However, the basic part of the territory of the Southern federal district is occupied by the subjects of the Russian Federation with quite favorable conditions for development of business and with a level of regional risk being not lower than average values in the country. It is important to note that "UTK" PJSC does not operate in the territory of the Chechen and Ingush republics which sociopolitical instability considerably worsens an integrated risk parameter of SFD.

At present process of creation of vertically and horizontally integrated holdings, reorganization of the companies continues in the district that in the future may lead to increase of efficiency of business sector of the district, and thus to growth of investments into economy of SFD. In opinion of the Issuer, an economic situation in the region and relations with administrations of the subjects of the Federation and municipalities are developing positively that affects favorably the activity of the company and execution of its obligations.

The territory of the Northern - Caucasian district is characterized by high natural and climatic risks connected with geographical features of the region. At the same time "Southern Telecommunications Company" PJSC has many years' experience of successful liquidation of consequences of acts of nature related to technical means and telecom infrastructure. "UTK" PJSC closely cooperates with federal and regional bodies of the Ministry of Emergency Measures of Russia and in case emergency gets essential state support. "UTK" PJSC carries out regularly preventive actions with a view of prevention and minimization of influence of unfavorable climatic conditions on efficiency of the Company's economic activities.

In case of any deterioration of the situation in the district, the Issuer will fulfill its obligations under securities at the expense of its operating profit and, if necessary, it will attract commercial bank credits for that purpose.

On the basis of the abovementioned facts we can make a conclusion about the low level of regional risks.

2.5.3. Financial risks

Risks associated with change of interest rates, exchange rate of foreign currencies (in connection with the Issuer's operations or hedging carried out to reduce adverse results of the above-stated risks):

The situation in the credit market is characterized by stable interest rates having an insignificant downtrend that allows to speak about the insignificant risks connected with change of interest rates. Interest rates of commercial banks being reduced, the Issuer undertakes measures on change of conditions of the current credit contracts and agreements relating to reduction of cost of credits, as well as on advanced repayment of costly credits.

Changes of the currency exchange rate may increase the expenses and reduce the reserves of the Issuer or hamper repayment of its debts.

Influence of the change of the exchange rate on the financial condition of the Issuer (its liquidity, sources of financing, performance results) (currency risks):

A certain part of expenses and liabilities of the Issuer is nominated in US dollar, Euro and Japanese yen (1.47%, 13.46 % and 0.03% respectively as of 30.06.2005). Thus, devaluation of the ruble relative to the main world currencies may have an adverse effect on the Issuer by increasing expenses in rubles. The issuer will not be able to eliminate this risk by tying its tariff rates to the US dollar/Euro exchange rate because at an existing level of a competition it will lead to reduction of proceeds in dollar calculation. Therefore the risk remains that rate of growth of tariffs will lag behind rates of falling of a ruble exchange rate. In case of a decrease of the ruble exchange rate ahead of the increase of the rates for services, the Issuer may experience difficulties in payment or re-financing of a debt in foreign currency in case of sharp devaluation of ruble of the Russian Federation in relation to US dollar and euro. Efforts of the Government of the Russian Federation to support a high rate of national currency as well as high prices of energy resources in the last year stimulated a growth of a ruble exchange rate as compared to the US dollar within the limits of the established currency corridor. The Issuer believes that this tendency is rather stable. In this connection the risk of change of the ruble exchange rate can be deemed insignificant in the intermediate- term prospect.

In addition, the Issuer takes measures on decrease of the share of a debt in foreign currency in structure of a credit portfolio.

During the last years the inflation rate in Russia has been decreasing. In 2000 the inflation rate was 20.2 %, in 2001-18.6%, in 2002 – 15.1 %, in 2003 – 12 %, in 2004 – 11.6 %. 2005 federal budget of the Russian Federation approved by the State Duma on 4 December 2004 stipulates for further decrease in the inflation rate (7,5 - 8,5 %) that allows to draw a conclusion on a low level of inflation risks.

In case of inflation growth, the issuer is planning to pay special attention to acceleration of the circulating assets turnover, for the first hand, at the expense of the reduction of the accounts receivable as well as to revise the existing contractual relations with the customers for the purpose of reducing the accounts receivable.

According to the Issuer, due to annual tariff growth, inflation levels with which "UTK" PJSC may have difficulties in fulfilling its obligations to bond holders are much higher than the inflation level planned in the Russia's federal budget for the years 2004 -2009.

Indicators of the financial reporting of the Issuer most subject to financial risks:

In the Issuer's opinion, main financial indicators of the Issuer - profit and cost price of services - are most subject to influence of the financial risks listed herein. Financial risks have a minimum effect on revenues. Probability of financial risks listed herein (sudden change of exchange rates, inflation, growth of interest rates) is estimated by the Issuer as low for the nearest years. Nevertheless, should such risks occur, cost price of services provided and reduction of profit are possible and it can be compensated by tariff growth and decrease in volume of borrowed funds.

Risks influencing the financial indicators of the Issuer	Probability of their occurrence	Changes in financial reports
Change of interest rates	Low	Change of interest rates can influence the Issuer's policy on debt management
Change of the exchange rate	Low	Changes of the currency exchange rate may increase the expenses and reduce the reserves of the Issuer or hamper repayment of its debts.
Inflation	Low	Inflation may result in increase of expenses of the Company (because of the increased prices of fixed assets, materials, works and services of external organizations)) and, as a consequence, in a drop in profits of the Issuer and, respectively, in the profitability of its business. Besides,

Risks influencing the financial indicators of the Issuer	Probability of their occurrence	Changes in financial reports
		growth of inflation will lead to an increase in the borrowed funds value for the Issuer, which may result in shortage of the Company's working capital.

2.5.4. Legal risks

"UTK" PJSC acts as a telecommunications operator; the Issuer does not export any products, works or services. In this connection we describe legal risks only for domestic market.

As a whole risks associated with the Issuer's activity are typical for most part of companies operating in the territory of the Russian Federation and can be considered as country risks.

Risks of change of currency exchange regulations:

Risks connected to change of currency exchange regulation are minimal in the Issuer's opinion. Risks connected to the change of the currency exchange legislation are being reduced due to the current policy on liberalization of currency exchange regulation.

Risks of change of tax legislation:

1. Article 1 of Federal law № 139-FZ of 11.11.2003 "On making addition in the second part of the Tax code of the Russian Federation and making amendments and additions in Article 20 of the Law of the Russian Federation "On Tax structure in the Russian Federation", as well as on declaring invalid legal acts of the Russian Federation regarding taxes and dues" has become effective since January, 1 2004. Item 30 "Property Tax of organizations" has been added to chapter IX of the second part of the Tax Code of the Russian Federation.

2. Article 27 of the second Part of the Tax Code of the Russian Federation (purchase tax) has become ineffective since January 1, 2004 – Federal Law № 148-FZ of 27.11.2001.

3. Since Customs Code of the Russian Federation had come into force from January 1, 2004, corresponding amendments were introduced in Parts I and II of the Tax Code of the Russian Federation as well as into Federal Law № 120-FZ of 21.11.1996 "On Accounting (article 438 of Federal law № 61-FZ of 28.05.2003).

4. Pursuant to the Decree of the Government of the Russian Federation № 84 of 16.02.2004, amendments were introduced into the Rules of book-keeping of invoices, books of records of purchases and sales when calculating value-added tax, approved by the Decision of the Government of the Russian Federation № 914 of 02.12.2000.

In case of observance and correct application of norms of the above-stated legal acts the Issuer has no risks related to its activity.

As no special taxation procedures are applicable to the operations of "UTK" PJSC, and the Issuer has no overdue debts under taxes and fees to be paid to budgets of all levels, tax risks of the Issuer should be considered as minimal within the framework of activity of a diligent taxpayer.

Risks associated with change of customs laws and duties:

New Customs Code of the Russian Federation has come into force from January 1, 2004 approved by Federal Law № 61-FZ of 28.05.2003.

Customs Code of the Russian Federation approved by Supreme Soviet of the Russian Federation № 5221-1 of 18.06.93 remains in force regarding items 6, 8 of Article 110, Articles 114, 116 as well as Article 119 (regarding customs duties), which will remain effective till December 31, 2004.

Normative legal acts of the State Customs Committee of Russia, issued with a view of realization of the new Customs code of the Russian Federation were listed in the letter of the State Customs Committee of the Russian Federation № 14-10/7236 of 27.02.2004 "On coming into force, including in I quarter of 2004, of normative legal acts of the State Customs Committee of Russia issued with a view of realization of the Customs code of the Russian Federation". It is also noted

that prior to coming into force of normative legal acts of the State Customs Committee of Russia issued with a view of realization of new edition of the Customs code of the Russian Federation, normative and other legal acts of the State Customs Committee of Russia, issued before 31.12.2003 remain valid in the part not contradicting new edition of the Customs code of the Russian Federation.

Joint Regulations of the State Customs Committee of Russia and the Central Bank of Russia № 01-100/1/243-P of 22.12.2003 "On application of the Regulations of the Bank of Russia and the State Customs Committee of Russia № 86-I and № 01-23/26541 of 13.10.1999 "On currency control over revenues from export of goods received by the Russian Federation" and the Regulations of the Bank of Russia and the State Customs Committee of Russia № 91-I and № 01-11/28644 of 04.10.2000 "On the procedure of the currency control over validity of payment by residents of the imported goods " effective since 15.02.2004 are specified among the statutory acts that have come into force.

As the most part of acquired telecommunications equipment is imported or made of component parts of foreign manufacture, change of the customs Rules and customs duties can result in certain risks for the Issuer associated with rise in prices of acquired fixed assets.

New Customs code has reduced the risks associated with the procedures of customs registration and customs supervision. The new code is based on the provisions of the new edition of Kyoto treaty on simplification and harmonization of customs procedures; it eliminates contradictions and discrepancies of the provisions of the previous Customs code with civil, tax and administrative legislations.

Risks associated with change of licensing terms:

New Federal Law "On Telecommunications" has come into force since January 1, 2004. According to the Law the list of licensing services and lists of licensing terms are formed and annually adjusted by the Government of the Russian Federation. The new Law enlarges the list of documents to be submitted to the licensing authority for obtaining of a license.

List of documents to be submitted for prolongation of a license is the same as for its obtaining.

According to the Decree of the President of the Russian Federation № 314 of March 9 2004 and the Decree of the Government of the Russian Federation № 163 of 06.04.2004 licensing of activity in the field of telecommunications will be carried out by the Federal Service on Supervision in the sphere of telecommunications.

The given changes may cause additional expenditures of a licensee operating in the sphere of telecommunications.

Risks of licensing of rights for use of objects having limited circulation (including natural resources):

At present such risks are considered minimal.

Risks of changes in judiciary practices on the matters relating to the Issuer's activity (including on licensing matters) which can have an adverse effect on its performance results as well as the results of the current litigations in which the Issuer is a participant:

Changes in court practices on the matters relating to the Issuer's activity are possible due to coming into force of the new law "On Telecommunications". Such changes in court practices are possible in favor of both the Issuer and its opponents. There is also a risk of occurrence of new kinds of litigations. As a whole the new law is aimed at elimination of existing deficiencies and, in the Issuer's opinion, it will decrease a total number of court trials.

Changes in court practices on the matters relating to the Issuer's activity cannot affect essentially its performance results, as well as the results of the current lawsuits of the Issuer with the third parties as the current lawsuits have no adverse effect on the Issuer's core activity (volume of claims against the Issuer under the existing lawsuits is insignificant in proportion to its total turnover).

At present main legal risks are associated with uncertainties in legal regulation of separate kinds of services and conditions of economic activities in the telecommunications sector after coming into force since January 01, 2004 of Federal law № 126-FZ "On Telecommunications". More than 30 statutory acts regulating various operations in the sphere of rendering telecom services should be developed and accepted in connection with the new Law. But till now such statutory acts are under

development stage, and the existing by-laws do not fully correspond to the requirements of the new law.

2.5.5. Risks connected to the Issuer's activity

Company-specific risks, including:

Risks related to the current litigations in which the Issuer is a participant:

As of 30.06.2005 the Issuer does not participate in litigations, which may affect essentially the results of its financial and economic activity.

Risks concerning a possibility of prolongation of the Issuer licenses:

Terms of obtaining new licenses by telecom operators and prolongation of the existing ones are determined by the federal executive authority which functions are now exercised by the Ministry of information technologies and communications of the Russian Federation. The Ministry of information technologies and communications of the Russian Federation is entitled to determine a way of licensing of certain kinds of services and certain regions of the Russian Federation on a competitive basis or according to the research results of the application of a telecom operator. Pursuant to the Decree of the President of the Russian Federation № 314 of March 9, 2004 and the Decree of the Government of the Russian Federation № 163 of 06.04.2004 licensing of activity in the sphere of telecommunications will be executed by the Federal Service on supervision in the sphere of telecommunications. Validity of UTK licenses expires during 2004 - 2012 and can be prolonged after submission of the application to the Federal Service on supervision in the sphere of telecommunications. The Issuer has no guarantees that after expiry of the term of action the licenses will be prolonged and there will be no changes in the conditions of the prolonged licenses connected to increase in charges and, probably, restriction of a zone of operation. If the Issuer will not be able to prolong the working licenses or receive the updated licenses on comparable conditions, it will be forced to reduce range of provided services that will entail decrease in number of subscribers. At the same time, validity of licenses for the right of rendering telecom services having the main share in structure of the company's revenues makes from 4 to 9 years that essentially reduces the risk of uncertainty on prolongation of licenses in the intermediate term prospect.

Risks concerning a possibility of prolongation of the Issuer's licenses for use of objects having limited circulation (including natural resources):

At present such risks are considered as minimal.

Risks associated with the possible responsibility of the Issuer relating to obligations of the third parties, including affiliated companies of the Issuer:

Total amount of obligations of the third parties secured by the Issuer, including in the form of a pledge or a guarantee, stands at 1,247,059 ths rubles as of 30 June 2005.

Risks associated with high level of short-term liabilities:

As of 30 June 2005 total amount of short-term debts of the Issuer exceeded total value of its working capital by 13,279,695 thousand rubles.

Great portion of short-term obligations of the Issuer is caused by two bonded loans in their structure on which offers are stipulated within a year.

It is possible that a part of the Issuer's short-term debts will not be repaid in due time, if a situation arises when the Issuer is unable to refinance a part of its short-term financial obligations. In unfavorable circumstances the Issuer will reduce its investment program and allocate funds to execution of its obligations.

III. Detailed information on the Issuer

3.1. The History of the Issuer's Foundation and Development

3.1.1. Data on the Issuer's registered name

Issuer's full registered name:

Public Joint-Stock Company "Southern Telecommunications Company"

Abbreviated name:

PJSC "UTK"

The registered name of the Issuer is not similar to the name of any other legal entity.

The registered name of the Issuer is not registered as a trademark or a service mark.

Information about the previous Issuer's full and abbreviated registered names and legal organizational forms, dates and grounds of the changes.

Issuer's full registered name:

Public Joint-Stock Company "Southern Telecommunications Company"

Abbreviated name: ***PJSC "UTK"***

Date of change: ***28.06.2001***

Grounds for the change:

Resolution of the General Shareholders' Meeting of "Kubanelectrosvyaz" Open Joint –Stock Company of 30.05.2001 on making amendments in the Charter about renaming the Company into Public Joint –Stock Company "Southern Telecommunications Company"(registered by the Registration Chamber of Krasnodar №16048 of 28.06.2001).

Issuer's full registered name:

Open Joint-Stock Company "Kubanelectrosvyaz"

Abbreviated name: ***"Kubanelectrosvyaz" OJSC***

Date of change: ***06.06.1996***

Grounds for the change:

Bringing the Issuer's legal-organizational form to conformity with the Civil Code of the Russian Federation on the basis of the Minutes of the General Shareholders' Meeting of 22.05.1996 (The changes were registered by the Registration Chamber of Krasnodar № 2893 of 06.06.1996).

Issuer's full registered name:

Open-type Joint-Stock Company "Kubanelectrosvyaz"

Abbreviated name: ***"Kubanelectrosvyaz" OJSC***

Date of change: ***20.05.1994***

Grounds for the change:

Open-type joint-stock company "Kubanelectrosvyaz" was founded according to the Decree of the President of the Russian Federation № 721 of July 1 1992 "On organizational measures on transformation of the state-run enterprises, voluntary associations of the state enterprises to joint-stock companies ", and the Decree of the Government of the Russian Federation № 1003 of December 22 1992" On privatization of telecom enterprises".

3.1.2. Data on the State Registration of the Issuer:

Date of the Issuer's state registration: ***20.05.1994***

No. of the certificate of the state registration (or any other document confirming the state registration of the Issuer): ***series A № 494***

State registration number: **186-p**

Authority of state registration: **Registration Chamber of Krasnodar**

Certificate of making an entry in the Single State Register of Legal Entities on the legal entity registered before 1st July 2002:

Date of registration: **02.08.2002**

Number of the certificate: **series 23 № 003062350**

State registration number: **1022301172112**

Name of registering authority: **Interregional inspectorate on the largest taxpayers of the Ministry of Taxes and Fees of the Russian Federation for Krasnodar Krai.**

3.1.3. History of Issuer's Foundation and Development

The Issuer has existed for 11 years and 1 month since the date of its state registration.

Public Joint Stock Company "Southern Telecommunications Company" was founded as open joint-stock company "Kubanelectrosvyaz" by Committee on management of the state property of the Krasnodar Territory according to the Decree of the President of the Russian Federation № 721 of July 1 1992 "On organizational measures on transformation of the state-run enterprises, voluntary associations of the state enterprises to joint-stock companies ", and the Decree of the Government of the Russian Federation № 1003 of December 22 1992 "On privatization of telecom enterprises".

20.05.1994. "Kubanelectrosvyaz" OJSC was registered by the Decree of the Head of Krasnodar Administration №186-p as a legal successor of the state-run telecom enterprise of the Krasnodar Territory "Rossvyazinform".

Since January 1997 UTK shares have been traded in RTS Stock exchange. At present ordinary shares of "UTK" PJSC are included in RTS quotation list A2, preference shares – in RTS quotation list B.

05.02.1998. Level 1 ADR program was established. UTK ADRs representing its shares are quoted in the US over-the-counter market, and in Europe – Frankfurt and Berlin Stock Exchanges and NEWEX Borse AG, Vienna.

07.03.2001. Ordinary and preference shares of "UTK" PJSC are included in the list of securities, which can be subjects of transactions concluded through the Moscow Interbank Currency Exchange (MICEX).

23.04.2002 Level 1 ADR program of "UTK" PJSC was transferred from The Bank of New York to JP Morgan Chase Bank, which at the present time acts as the Company's Depositary. Depositary Agreement between the Company and JP Morgan Chase Bank was signed on 22 April, 2002 and restated on 15 December, 2002 in connection with reorganization.

21.05.2002 "UTK" PJSC shares are included in the list of securities, which can be subjects of transactions through NP "Saint Petersburg Stock exchange".

30.05.2001. General Shareholders' Meeting of "Kubanelectrosvyaz" OJSC approved the resolution on introducing changes into the Company's Charter regarding renaming the Company into Public Joint Stock Company "Southern Telecommunications Company" (registered by Krasnodar Registration Chamber, № 16048 of 28.06.01).

27.12.2001. Standard & Poor's Ratings Services assigned its "CCC+" long-term corporate credit ratings to Russian telecommunications services provider "UTK" PJSC. Outlook is "Stable".

31.10.2002. On the basis of the resolution of the General Shareholders' Meeting of "UTK" PJSC (former "Kubanelectrosvyaz" OJSC) approved on 21 December 2001 "Southern Telecommunications Company" PJSC was reorganized through merger of the following companies into it as branches:

"Volgogradelectrosvyaz" OJSC;

"KabBalktelecom" OJSC;

"Karachaevo-Cherkesskelectrosvyaz" OJSC;

"Svyazinform" OJSC, Astrakhan Region;

“Sevosetinelectrosvyaz” OJSC;

“Electrosvyaz of Adygeia Republic” OJSC;

“Electrosvyaz” OJSC, Kalmykia Republic;

“Rostovelectrosvyaz” OJSC;

“Electrosvyaz” OJSC, Stavropol Territory;

21.01.2003. Joint Extraordinary General Shareholders’ Meeting of "UTK" PJSC was held completing the process of the Company’s formal reorganization.

12.02.2003. "Southern Telecommunications Company" PJSC was assigned corporate governance score (CGS) of "CGS-5.2" by international rating agency "Standard & Poor's". "Standard & Poor's" believes that governance practices at "UTK" PJSC are improving rapidly.

2.04. 2003. The international rating agency "Standard & Poor's" raised long-term corporate credit rating of “Southern Telecommunications Company” PJSC to "B-" from "CCC+" (the outlook is “Stable). The rating action follows the merger of "UTK" PJSC with 9 other telecom incumbents in the southern federal region of Russia.

6.08.2003. The international rating agency "Standard & Poor's" assigned long-term credit rating “ruBBB” according to Russian scale to “Southern Telecommunications Company” PJSC. At the same time "Standard & Poor's" assigned long-term credit rating “ruBBB” according to Russian scale to the Company’s Russian ruble (RUR) 1.5 billion senior unsecured series 01 bond issue due 2006.

11.11.2003. The international rating agency "Standard & Poor's" raised corporate governance score (CGS) of "Southern Telecommunications Company" PJSC ("UTK" PJSC) to "CGS-5.6» from "CGS-5.2".

10.02.2004. The international rating agency "Standard & Poor's" changed outlook of "UTK" PJSC ratings from “Stable” to “Negative”. At the same time "Standard & Poor's" confirmed its “B-“ long-term corporate credit ratings on Russian telecommunications services provider "Southern Telecommunications Company" PJSC but decreased Russia national scale ratings of the Company and its Russian ruble (RUR) 1.5 billion senior unsecured bond issue due 2006 to "ruBBB-" from "ruBBB". "Standard & Poor's" also assigned long-term credit rating “ruBBB-” according to Russian scale to the Company’s Russian ruble (RUR) 1.5 billion senior unsecured series 02 bond issue due 2007.

April 12,2004. Interfax Rating Agency in association Moody's Investors Service assigned a long-term national- scale credit rating of Baa3 (rus) and short-term rating of RUS-3 to "Southern Telecommunications Company" PJSC. The Agency also assigned Baa3 (rus) to two bond issues worth 1.5 billion rubles each, maturing in September 2006 and February 2007.

28.05.2004 Russian Institute of Directors and Expert RA Rating Agency consortium ("RID-Expert RA") assigned its “B++” national rating of corporate governance to "Southern Telecommunications Company" PJSC. The assigned rating confirms that "UTK" PJSC does not break the requirements of the Russian legislation in the sphere of corporate management and follows the main recommendations of the Code of corporate conduct by the FFMS.

26.07.2004. The international rating agency Moody's Investors Services Ltd. assigned a B3 senior implied rating to “Southern Telecommunications Company” PJSC. Moody's also assigned a Caa1 senior unsecured issuer rating to the Company. The ratings outlook is stable.

05.10.2004. The international rating agency "Standard & Poor's" assigned long-term credit rating “ruBBB-” according to Russian scale to the Company’s Russian ruble (RUR) 3.5 billion (120 mln USD) senior unsecured bond issue (UTK; B-/Negative/-; according to Russian scale – ruBBB-).

22.11.2004. Standard & Poor's Ratings Services lowered its corporate governance score (CGS) on the Company from ‘CGS-5+’ to 'CGS-5'. The Russia national scale CGS on the Company was also lowered from ‘CGS-5.6’ to 'CGS-5.2'.

24.12.2004. Standard & Poor's Ratings Services lowered its corporate governance score (CGS) on the Company from ‘CGS-5’ to 'CGS-4'. The Russia national scale CGS on the Company was also lowered from ‘CGS-5.2’ to 'CGS-4.4'.

28.01.2005 The rating agency «Expert RA» in cooperation with the Russian institute of directors confirmed its national scale B++ rating assigned to "UTK" PJSC.

02.02.2005 Standard & Poor's lowered its long-term corporate credit rating of "UTK" PJSC from «B-» to «CCC+» (outlook — «Negative») due to substantial increase in financial risks. At the same time Standard & Poors lowered its Russia national scale senior unsecured issuer rating from «ruBBB-» to «ruBB».

30.06.2005. Public Joint –Stock Company "Southern Telecommunications Company" held its annual General Shareholders' Meeting in the form of joint personal presence of shareholders.

The list of persons entitled to participate in the Annual General Shareholders' Meeting was made up on the basis of the register of shareholders as of May 11, 2005.

The agenda of the annual General Shareholders' Meeting:

- **Approval of annual report, annual financial statements including income statement and distribution of profits and losses on the basis of the reported fiscal year 2004 financial results.**
- **Approval of 2004 dividend size, its payment form and schedule under each category of shares.**
- **Election of the members to the Company's Board of Directors.**
- **Election of the members to the Company's Auditing Commission.**
- **Approval of the Company's Auditor for the year 2005.**
- **Determination of the size of annual remuneration to be paid to the members of the Board of Directors.**
- **Introduction of amendments and additions to the Company's Charter.**
- **Introduction of amendments and additions to the Company's Statute on the Board of Directors.**
- **Introduction of amendments and additions to the Company's Regulations on the procedure for conducting a General Shareholders' Meeting.**
- **Termination of the Company's participation in the Association of Telecom Companies of the Volga Region, the Iskra Association of Federal Business Service Network Operators, Union of communication equipment manufacturers and consumers**

The main purpose of "UTK" PJSC is to gain revenues from providing services of local, domestic and international long-distance telephony, document communication, data transmission, wired radio, paging services, offering communication channels for rent and other kinds of telecommunication services.

"UTK" PJSC mission is to provide Southern regions of Russia with full range of integrated telecom services of high quality that will enrich living standards of the work collective and the whole society.

The Company's activity is aimed at:

- integrating customers in common global infocommunication area;**
- promoting mutual understanding between people, development of business and personality;**
- creating conditions for professional promotion;**
- participating in formation of high-performance economy of Russia.**

The licensed area of "UTK" PJSC covers 519.6 thousand sq. km. (3.5 % of territory of Russia) with population of 18.76 million people (12.92 % of the population of Russia). According to 1H2005 results "UTK" PJSC share in total volume of regional revenues of telecommunications sector makes 36.5%. The main competitive advantage of "Southern Telecommunications Company" PJSC in the telecom market of the South of Russia is based on usage of unique infrastructure resources and technical means of the traditional operator, allowing to provide customers with maximal range of telecom services. After the reorganization "UTK" PJSC got the opportunity to use common information area, optimal planning and development of inter-regional communication networks for

reduction of the services' cost price that would permit to obtain price leading position and to increase profitability.

3.1.4. Contact information

Seat of the Company: **66, Karasunskaya Str., Krasnodar, 350000**

Phone: **(861) 253-20-56**

Fax: **(861) 253-25-30**

E-mail: **operator@mail.stcompany.ru**

URL of the page in Internet: **<http://www.stcompany.ru>**

Information about the special team of the Issuer (third person) working with the Issuer's shareholders and investors:

Department for equity markets and securities:

Location: **66, Karasunskaya Str., Krasnodar, 350000**

Phone: **(861) 259-25-38, 253-02-07**

Fax: **(861) 253-19-69**

E-mail: **ocb@mail.stcompany.ru**

URL of the page in Internet: **<http://www.stcompany.ru>**

3.1.5. Taxpayer Identification Number

TIN of the Issuer: 2308025192

3.1.6. Issuer's branches and representative offices

Name: **"Electrosvyaz of Adygeia Republic"**

Location: **22a, Zhukovskogo Str., Maykop, Adygeya Republic, 352700**

Head: **Chinazirov Yanvar Khadzhimusovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Svyazinform", Astrakhan Region"**

Location: **7/8, Teatraljny per., Astrakhan, 414000**

Head: **Prachkin Alexey Petrovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Volgogradelectrosvyaz"**

Location: **9, Mira Str., Volgograd, 400131**

Head: **Malyarenko Arthur Nikolaevich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"KabBalktelecom"**

Location: **14, Shogentsukova Str., Nalchik, Kabardino-Balkarian Republic, 360000**

Head: **Shukhostanov Amdulkhamid Kistuevich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Electrosvyaz", Kalmykia Republic"**

Location: **255, Lenin Str., Elista, Kalmykia Republic, 358000**

Head: **Polshinov Alexander Nikolaevich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Kubanelectrosvyaz"**

Location: **294, Golovatogo Str., Krasnodar, 350000**

Head: **Korotenko Svetlana Vasilievna**

Established: **13.02.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Karachaevo-Cherkesskelectrosvyaz"**

Location: **17, Soyuzny per., Cherkessk, Karachaevo-Cherkessian Republic, 357100**

Head: **Butko Alexander Semyonovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Rostovelectrosvyaz"**

Location: **47, Bratski per., Rostov-on-Don, 344082**

Head: **Metla Yuri Valentinovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Sevosetinelectrosvyaz"**

Location: **8a, Butyrina Str., Vladikavkaz, Severnaya Osetia – Alania Republic, 362040**

Head: **Kozhiev Beshtau Kanamatovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Electrosvyaz ", Stavropol Territory"**

Location: **10/12, Oktyabrskoi Revolutsii pr., Stavropol, 355035**

Head: **Roitblat Alexander Markovich**

Established: **8.01.2002**

Power of Attorney is valid till: **December 31, 2005**

Name: **"Yugtaxofon"**

Location: **12, Klubnaya St., Krasnodar, 350051**

Director: **Alexander Grigoryevich Sokolchik**

Established: **29.12.1997**

Power of Attorney is valid till: **31.12.2005**

Name: **Center of New Technologies**

Location: **59, Krasnaya St., Krasnodar, 350000**

Director: **Konstantin Vladlenovich Yunov**

Established: **1.01.2000**

Power of Attorney is valid till: **31.12.2005**

Name: **Training and Production Center**

Location: **1, Industrialnaya St., Krasnodar, 350007**

Director: **Yuri Nickolaevich Belov**

Established: **01.10.1997**

Power of Attorney is valid till: **31.12.2005**

3.2. Basic Business Activities of the Issuer

3.2.1 Branch to which the Issuer belongs

Codes of basic branch areas of the issuer's activities according to the OKVED classifier:

64.20	64.20.11	64.20.12	64.20.2	64.20.21
64.20.22	64.20.3	74.83	92.20	22.22
22.15	45.31	45.21.4	45.21.3	51.70
51.65.5	52.48.15	52.48.39	55.23.2	55.51
85.11.2				

3.2.2 Basic Economic Activities of the Issuer

Basic Economic Activities of the Issuer

Provision of telecommunications services.

Share of Telecom Services revenues in total revenue of the Issuer:

Description	2nd quarter 2005
Share of income from domestic and international long-distance telephony in total Telecom Services revenue, %	35.96
Share of income from domestic and international long-distance telephony in total revenue structure, %	41.03

The information does not include revenues from traffic transit services.

Changes of the Issuer's revenue from basic economic activity by more than 10% as compared to the previous quarter under report and reasons for such changes:

No such changes in the reporting quarter.

Geographic areas accounting for more than 10 percent of revenues	2nd quarter 2005	
	% of revenue	% over 2Q2004
Volgograd region	14.69	112.65
Krasnodar kray	27.48	109.85
Rostov region	21.14	110.41
Stavropol kray	17.15	108.10

The Issue's 2Q2005 revenues generated by the specified geographic areas showed a growth of 8-12% over 2Q2004 mainly due to increase in volume of telecom services provided.

Seasonal nature of the Issuer's basic economic activity.

Basic economic activity of the issuer is not of cyclic or seasonal nature. But increase of domestic and international long-distance traffic during holiday season (at the resorts of the Azov and Black Sea coasts and the Caucasian Mineral Waters) influences positively the Issuer's revenues.

3.2.3. Basic Types of Products (Works, Services)

Types of products (works, services) accounting for more than 10 percent of the Issue's sales (revenue):

Description	2nd quarter of 2005
Domestic and international long-distance telephone services:	
Amount of revenues from sale, RUR ths	1 574 912 100
Share in total revenue, %	35.96
Local telephone services	
Amount of revenues from sale, RUR ths	1 796 876 700
Share in total revenue, %	41.03

Structure of Issuer's expenses for the production and sales of products (jobs, services) by the listed items:

Expenses item	2 nd quarter 2005
Raw materials, %	6.82

Expenses item	2nd quarter 2005
Acquired componentry, semi-finished items, %	0.00
Jobs and services of production nature, performed by external organizations, %	8.35
Fuel, %	1.43
Electrical power, %	2.15
Expenses for wages, %	31.48
Interest on credits, %	0.00
Rental, %	0.00
Social expenses, %	7.62
Depreciation of fixed assets, %	17.08
Taxes included in products cost value, %	0.30
Other expenses (please, explain) , % *	24.77
Depreciation of intangible assets, %	0.00
remuneration for innovations, %	0.00
obligatory insurance payments, %	0.90
representation (entertainment) expenses, %	0.00
Other, %	23.87
Total: expenses for production and sales of products (cost value), %	100.00
Reference: Proceeds from sales, %	131.76

** Other expenses include the following expenses items: transport charges, guard of communication facilities and the Company's offices, auditing and consulting services, information services, postal and traveling expenses, expenses for research and development works, payments to Gossvyaznadzor, expenses for personnel training and advertising expenses.*

New essential kinds of services offered by the Company in the market

New kinds of services include VPN, ISDN, dedicated lines, broadband access, IP-telephony, Internet access. These kinds of products (works, services) are quite essential for the Issuer's activity at present time and of priority importance for the Issuer's development.

Deployment of such kinds of products (works, services) in the reporting period:

The Company continued to develop multi-media and multi-service networks IP/MPLS in all branches as well as to increase carrying capacity of regional data networks. 38,284 xDSL ports were installed.

Termination of IP telephony traffic of all UTK's branches was organized through the branch «Center of New Technologies» situated in Krasnodar. The Company also organized similar gate in the branch "Rostovelectrosvyaz" situated in Rostov-on-Don for backup of the termination point of incoming IP traffic.

The Company continued to develop IP-TV stream video services in the city of Krasnodar. Positive experience on providing services to 1,326 subscribers connected on the basis of Ethernet-to-the-home (ETTH) technology as of August 8, 2005 made it possible to organize testing provision of IP-TV services to the subscribers connected on the basis of xDSL technology in the branches: "KabBalktelecom", "Kubanelectrosvyaz", "Rostovelectrosvyaz".

The branch "Volgogradelectrosvyaz" provided cable TV services to 90,208 subscribers living in new micro-districts of Volgograd, Volzhskiy and Zhirnovsk. The existing cable TV subscribers could already receive additional services on access to data network and IP telephony services.

"UTK" PJSC finished the construction and started testing of the uniform intelligent network (ISS). The Company plans to provide intelligent services using uniform service card for payment in the 3rd quarter of 2005.

Accounting standards (rules)

Tax Code of the Russian Federation, Part II, Chapter 25 – “Income tax for enterprises and organizations”.

Accounting standards “Revenue of enterprises” PBU 9/99 approved by the Order of the Ministry of Finance of the Russian Federation of 6 May 1999 No 32n amended and restated on 30 December 1999 and 30 March 2001.

Accounting rules “Expenses of enterprises” PBU 10/99 approved by the Order of the Ministry of Finance of the Russian Federation of 6 May 1999 No 3n amended and restated on 30 December 1999 and 30 March 2001.

3.2.4. Raw materials and the Issuer’s suppliers

Suppliers accounting for 10% and more of all inventory holdings supplies:

No such suppliers in the reporting period.

Changes in prices of main materials by more than 10% during the 2nd quarter of 2005: no such changes.

Share of imports in all inventory holdings as of 30 June 2005: 0%

The Issuer does not expect any difficulties in accessibility of the specified material assets sources in the nearest future.

Possible alternative sources:

Attraction of other suppliers of material assets on a competitive basis.

3.2.5. Issuer's Products (Works, Services) Sales Markets

General information on the Issuers sales markets:

Territory of the Southern federal district of the Russian Federation (except for Chechen Republic, Ingushetia and Dagestan).

Possible adverse factors that may affect the sales of the Issuer’s products are:

- ***rapid development of cellular services; their share in 1H2005 total volume of regional revenues of telecommunications sector (according to the preliminary results) stood at 55.3%.***
- ***keen competition among Internet providers.***
- ***expected increase of competitive activity in the sphere of new technologies and value-added services taking into account high level of potential competitiveness.***

Actions of the Company’s management in case of occurrence of adverse factors:

The Company s management regularly exercises monitoring and control over the most important indices of the Company’s business efficiency in the sphere of economic, financial, technical and marketing policies to make forecasts and quickly respond for occurrence and/or strengthening the influence of various negative factors. Strategic and medium-term plans of the Company’s development are being worked out in the context of pessimistic estimations thus providing additional safety factor in case of crisis situations. Yearly the Company corrects the forecasts of economic development and marketing strategy on the basis of performance results for the last reporting period and analysis of the changes of the conditions of the Company’s activity.

3.2.6. Data on Availability of the Issuer's Licenses:

№	License number	Date of issue	Valid till	Licensing authority	Activity category	The Issuer's forecast about the license extension probability
1	GS-3-23-02-21-0-2308025192-001423-4	12.04.2002	12.04.2007	State Committee of the Russian Federation for Construction and Housing and Communal Services	Design of buildings and facilities of the I or II levels of responsibility according to national standard	positive
2	GS-3-23-02-22-0-2308025192-001425-4	12.04.2002	12.04.2007	State Committee of the Russian Federation for Construction and Housing and Communal Services	Construction of buildings and facilities of the I or II levels of responsibility according to national standard	positive
3	397	14.02.2003	14.02.2008	Administration of State Security Service of the Russian Federation in the Krasnodar Territory	Execution of works using information being a State secret	positive
4	LF/ 07- 4704	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Activities on technical maintenance of cryptographic hardware	positive
5	LF/ 07- 4705	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Providing cryptographic services	positive
6	LF/07 - 4703	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Activities on distribution of cryptographic hardware	positive
7	1148M	19.04.2004	14.09.2008	Licensing, Certification, and State Secret	Measures and services on state secret protection	Positive

№	License number	Date of issue	Valid till	Licensing authority	Activity category	The Issuer's forecast about the license extension probability
				Protection Center of the FSS of Russia		
8	08/05	12.01.2005	12.01.2008	Department of Education and Science of the Krasnodar kray government	Educational activities according to educational programs specified in the Annexes to the license	positive
9	EV-30-000291	08.06.2005	08.06.2010	Federal Service for Environmental, Technological and Nuclear Supervision	maintenance of dangerous (explosive) industrial objects	positive
10	08111512418748	01.05.2005	31.12.2005	Authors' Society of Russia	the right to public broadcasting via cable of musical compositions with and without the text	positive

3.2.7. The Issuer's joint activity

The Issuer's joint activity with other organizations:

The joint activity of "UTK" PJSC in the person of its branch "Electrosvyaz of Adygeia Republic" with "Vestelcom" CJSC.

Amount of investments: *9,494 thousand rubles (during the period of joint activity)*

Purpose of investments: *joining property and efforts for construction of Republican Telecommunications House in Maikop, combined digital AMTS/ATS, digital superimposed network, further joint commercial operation of this network.*

2004 financial result from investments: *3,858 ths rubles*

1H2005 financial result from investments: *412 ths rubles*

3.2.8. Extra Requirements for Issuers Being joint-stock investment funds or insurance companies

The Issuer is not an investment fund or insurance company.

3.2.9. Extra Requirements for Issuers Whose Key Activities Consist in Mining Operations

The Issuer is not involved in mining operations.

3.2.10. Extra Requirements for Issuers Whose Key Activities Consist in Provision of Communication Services

a) Licenses for rendering telecom services

№	№ of license	Date of issue	Valid till	Authorized issuing body	Activity category	Territory	Networks allowed for usage (assigned, public switched telephone networks, intelligent networks)
1	24061	24.10.2002	24.10.2005	Ministry of Communications of the Russian Federation	Rendering paging services	Volgograd region	public switched telephone network
2	24062	24.10.2002	24.10.2005	Ministry of Communications of the Russian Federation	Rendering paging services	Krasnodar Territory	public switched telephone network
3	24063	24.10.2002	24.10.2005	Ministry of Communications of the Russian Federation	Rendering paging services	Rostov region	public switched telephone network
4	17012	25.01.2001	25.01.2006	Ministry of Communications of the Russian Federation	Providing services of wireless radio communication with mobile objects	Krasnodar, Sochi, Tikhoretsk, Belorechensk, Kropotkin, Tuapse, Gulkevichi, Dinskaya of Krasnodar Territory	public switched telephone network
5	24056	24.10.2002	24.10.2007	Ministry of Communications of the Russian Federation	Providing data transmission services	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
6	24057	24.10.2002	24.10.2007	Ministry of Communications of the Russian Federation	Providing telematic services	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
7	24058	24.10.2002	24.10.2007	Ministry of Communications of the Russian Federation	Providing services of domestic and international long-distance telephony	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
8	24059	24.10.2002	24.10.2007	Ministry of Communications of the Russian Federation	Providing telegraph services	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network

№	№ of license	Date of issue	Valid till	Authorized issuing body	Activity category	Territory	Networks allowed for usage (assigned, public switched telephone networks, intelligent networks)
9	24060	24.10.2002	24.10.2007	Ministry of Communications of the Russian Federation	Offering of communication channels for lease	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
10	24076	31.10.2002	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Krasnodar, Sochi, Gulkevichi, Tikhoretsk of Krasnodar Territory	public switched telephone network
11	24807	31.10.2002	31.10.2007	Ministry of Communications of the Russian Federation	Broadcasting sound programs via wired radio network	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
12	22716	04.10.2002	19.12.2007	Ministry of Communications of the Russian Federation	Providing local radio access telephone services	Severnaya Osetia-Alania Republic	public switched telephone network
13	22743	04.10.2003	19.12.2007	Ministry of Communications of the Russian Federation	Providing local radio access telephone services	Rostov region	public switched telephone network
14	23899	04.10.2002	04.10.2012	Ministry of Communications of the Russian Federation	Providing services of local and inter-zonal telephony	Republics: Adygeia, Kabardino-Balkaria, Kalmykia-Khalmg Tangch, Severnaya Osetia – Alania. Territories: Krasnodar, Stavropol. Regions: Astrakhan, Volgograd, Rostov.	public switched telephone network
15	2251	01.08.1996	01.08.2006	Ministry of Communications of the Russian Federation	Rendering cellular services in the range of 900 MHz	Sochi	public switched telephone network
16	7601	02.09.2003	05.02.2008	Ministry of Press, Television and Radio Broadcasting and mass Media	On-air radio broadcasting	Novocherkassk, Rostov region and nearby localities	public switched telephone network
17	7602	02.09.2003	20.02.2008	Ministry of Press, Television and Radio Broadcasting and mass Media	On-air TV broadcasting	Novocherkassk, Rostov region and nearby localities	public switched telephone network

№	№ of license	Date of issue	Valid till	Authorized issuing body	Activity category	Territory	Networks allowed for usage (assigned, public switched telephone networks, intelligent networks)
18	000641/000753	01.11.1996	13.05.2007	Ministry of Press, Television and Radio Broadcasting and mass Media	provision of services in preparing and telecasting of local TV programs, mono programs with nominal band of 40...15000Gz	Rostov region	public switched telephone network
19	24077	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Rostov-on-Don, Morozovsk, Matveev Kurgan, Oblivskaya, Bagaevskaya of the Rostov region	public switched telephone network
20	24079	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Nalchik, Kabardino-Balkarian Republic	public switched telephone network
21	24081	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Vladikavkaz, Severnaya Osetia - Alania Republic	public switched telephone network
22	24082	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Maykop, Adygeia Republic	public switched telephone network
23	24083	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services	Volgograd, Volzhskiy of the Volgograd region	public switched telephone network
24	24078	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services in the Stavropol kray	Stavropol Kray	public switched telephone network
25	24080	31.10.2003	31.10.2007	Ministry of Communications of the Russian Federation	Rendering mobile wireless communication services in the Astrakhan region	Astrakhan region	public switched telephone network

Conditions and possibility of the extension of the terms of validity of the above mentioned licenses: **no information.**

The issuer's obligations on formation of subscriber base in accordance with the indicated licenses: **no such obligations**

Adverse factors that may affect the execution of the Issuer's obligations under the licenses and probability of their occurrence: **no such factors**

b) Communication networks

Physical communications networks used by the Issuer for provision of telecom services:

Operating digital, quasi-electronic, crossbar and step-by-step (1.67%) telephone exchanges, "UTK" PJSC uses inter-zonal and local communication networks to render telecom services. As at 1 July 2005 installed capacity of urban telephone network reached 3,178.923 ths lines including 2,059.657 ths digital lines and 1, 119.266 analog lines. Thus, digitization level of urban TN constituted 66.67%.

Installed capacity of rural telephone network reached 996.202 ths lines including 436.435

ths digital lines and 559.767 ths analog lines. Thus, digitization rate of rural TN constituted 40.7%.

Total installed capacity of urban and rural telephone networks reached 4,175.125 ths lines with digitization level of 60.00 %.

"UTK" PJSC operates 12 automatic long-distance telephone exchanges with equipped capacity level being 91.37% including 93.90% - in zonal networks.

Trunks are derived using analog and digital equipment of data transmission including SDH digital equipment. Linear signals are transmitted via cooper and fiber-optic cables as well as via radio channels of radio-relay systems. Length of long-distance telephone channels for the reported period stood at 15,708.42 thousand ch/km including 14,095.34 ths of those formed using digital transmission systems. Length of intra-zonal communication lines made up 19,079.63 km, including 8,200.57 km of fiber-optic communication lines and 1,870.84 km of radio-relay lines.

Characteristics of leased channels:

"UTK" PJSC leases both digital and analog channels and trunk lines from other operators. The following typical digital links and channels are being leased: primary digital link (PDL) with transfer rate of 2048 Kb/s, main digital links (MDL) with transfer rate of 64 Kb/s, digital channels with transfer rate of nx64 Kb/s. Analog telephone voice-frequency channels (v f of 0.3-3.4 κGz), primary and secondary analog links are leased.

The Issuer leases channels and links from:

"Rostelecom" OJSC, "Transtelecom" CJSC, "Mobile TeleSystem" OJSC, "Volgograd – GSM" CJSC, "Astrakhan-GSM" CJSC, "Russian railways" OJSC, "Volgotranstelecom" CJSC, "Volzhskaya GES" OJSC, "Svyaztransneft" OJSC, ORTPC, "Vologarechsvyaz" FGUP, "Dontelecom" CJSC, "Mobicom-Kavkaz" CJSC, "YugSvyazService" LLC.

Terms of lease contracts:

Terms of lease are usually 1 year with the next prolongation. Less links and channels are leased for the term of from several days to several months.

3.3. Plans of Issuer's Future Operation

"Southern Telecommunications Company" PJSC expects to generate 2005 total revenue of RUR 17,617 mln which is up 5.2% over 2004. Revenues from core activity (sale of telecom services) are to be increased by 6.7% to RUR 17,400.5 mln including from local telephony – RUR 7,456 mln (a 12,3%-increase over 2004), from long-distance telephony – RUR 8,115.7 mln (-1.4%), from value-added services – RUR 1,379 mln (+56.8%).

One of the main directions of "UTK" PJSC business activity in order to increase revenues, raise the Company's business efficiency and strengthen its financial position is the increase in number of basic telephone sets. "UTK" PJSC is actively developing its communication network and increasing its number capacity. In 2005 the considerable revenue growth from traditional services will result from putting into service the planned capacity of 182,485 lines and increase in number of basic telephones by 72,000 sets. Total installed capacity is expected to reach 4, 224.29 thousand lines at the end of 2005.

When planning revenue structure the Company gives preference to growth of value-added services' share. Telecom market of the Southern Federal District is characterized by low level of penetration of value-added services (intelligent services, broadband access, etc) which tariffs are not regulated by government. UTK's main task for 2005 is to strengthen its position in the market of perspective and higher-margin services and to increase VAS share in total revenue structure in order to raise the Company's business efficiency.

Implementation of 2005 investment plan will allow to increase the digitization rate to 61,44%.

The Company's development plans are supported by 2005 plan of capital expenditures, which provide for RUR 3,664.5 mln of capital investments (representing 29,9% of 2004 capex) and about RUR 5,215 mln of basic assets to be put into operation (48.5% as against 2004).

Medium-term strategic directions of "UTK" PJSC development:

- *meeting the solvent demand for key telecom services by increase of equipped number capacity, introduction of the system of time-based (per-minute) billing of local telephone call;*
- *creation of integrated accounting and service centers;*
- *development of public Internet-access center, connection of regional data transmission networks to Internet;*
- *introduction of intelligent services;*
- *improvement of corporate client service, formation of optimal package of services for corporate clients;*
- *formation of departments for work with vip-clients, equipping public communication centers with conferencing equipment, selling services to corporate users, active target advertising.*

Long-term strategic directions of "UTK" PJSC development:

- *creation of up-to-date telecommunication system including imposed digital telecommunication network equipped with digital automatic switching exchanges, digital transmission systems, fiber-optic communication lines (FOLs);*
- *introduction of new technologies: ISDN, IP-telephony, ATM, xDSL;*
- *integration of communication and management infrastructures with international informational and switching systems;*
- *improvement of the provided services;*
- *optimization of the provided services' list , aiming at increasing proportion of the most progressive services;*
- *maximization of the Company's profitability;*
- *optimal tariff policy taking into consideration interests of the Company and its shareholders;*
- *pressing marketing policy;*
- *hard control of expenditures' volume;*
- *improvement of corporate management*

"UTK" PJSC does not plan to change type of its key activity – rendering telecom services according to the licenses in force and the Company Charter.

Sources of future revenues:

The main sources of future revenues are rendering telecommunications services (providing value-added services, growth of the volume of long-distance traffic).

3.4. Participation of the Issuer in industrial, banking and financial groups, holdings, concerns and associations

The Issuer does not participate in any industrial, banking and financial groups, holdings, concerns and associations

3.5. Issuer's subsidiaries and associates

1) Full registered name: "Armavirskiy zavod svyazi" Associated Closed Joint –Stock Company

Abbreviated name: "Armavirskiy zavod svyazi" ACJSC

Location: 1a, Urupskaya Str., Armavir, Krasnodar Krai, 352903

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or affiliate: no such share

Basic areas of business of the company: cable production

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results, the Issuer is one of the main consumers of the plant's production.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Bizyaeva Natalia Petrovna	1977	none	none
Belov Yuri Nikolaevich	1942	0.0003	none
Kuskov Vasilii Grigoryevich	1947	0.0525	0.0658
Korobskoy Vladislav Vladimirovich	1974	none	none
Stasyuk Vladimir Yaroslavovich	1954	none	none

The Chairman of the Board of Directors is not elected.

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kuskov Vasilii Grigoryevich	1947	0.0525	0.0658

2) **Full registered name:** "Yugsvyazstroy" Closed Joint –Stock Company

Abbreviated name: "Yugsvyazstroy" CJSC

Location: 110/1, Aivazovskogo Str., Krasnodar, 350040

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or affiliate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: construction services

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results. "Yugsvyazstroy" CJSC is one of the main contractors for construction of communication facilities.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Stasyuk Vladimir Yaroslavovich (Chairman)	1954	none	none
Valeri Ivanovich Kurennoy	1954	none	none
Bizyaeva Natalia Petrovna	1977	none	none
Dyban Oksana Valerievna	1979	none	none
Vladimir Eduardovich Skoblikov	1972	none	none

Personal membership of the collective executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Valeri Ivanovich Kurennoy	1954	none	none

3) **Full registered name:** "Health-care center "Orbita" Open Joint –Stock Company

Abbreviated name: "Orbita" OJSC

Location: Olginka, Tuapse district, Krasnodar Territory, 352840

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: recreation services

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Olga Yurievna Polulyakhova (chairman)	1970	none	none
Julia Alexandrovna Kushavina	1974	none	none
Dmitry Georgievich Lyakh	1978	none	none
Mikhail Gennadievich Kaminsky	1979	none	none
Natalia Petrovna Bizyaeva	1977	none	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Konstantin Vladimirovich Yevtushenko	1969	none	none

4) **Full registered name:** "Intmashservice" Limited Liability Company

Abbreviated name: "Intmashservice" Ltd.

Location: 8, Golubinskaya Str., Volgograd, 400131

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Maintenance and repair of communication facilities

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results. "Intmashservice" Ltd. provides to the Issuer the services on delivery of messages, construction services, services on maintenance of cash registers as well as services on production of products for construction and major overhaul of linear

- cable facilities.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collective executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Diyanov Gennady Dmitrievich	1960	0.00044	0.00052

5) **Full registered name:** "Faktorial-99" Limited Liability Company

Abbreviated name: "Faktorial-99" Ltd.

Location: 47, Bratskiy per., Rostov-on-Don, 344082

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Share of the subsidiary or associate in the Issuer's authorized capital: 0.00005%

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Trading and agency, consulting services.

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Krukhmalev Andrey Vladimirovich	1970	none	none

6) **Full registered name:** "UTK-Finance" Limited Liability Company

Abbreviated name: "UTK-Finance" LLC

Location: 66, Karasunskaya Str., Krasnodar, 350000

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: financial operations

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results, but significant in respect to structuring of the bond issues.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Skoblikov Vladimir Eduardovich	1972	none	none

7) **Full registered name:** "Kuzminov Stavtelecom" Open Joint –Stock Company

Abbreviated name: "Kuzminov Stavtelecom" OJSC

Location: 10/12, prospect Oktyabrskoy revolyutsii, Stavropol, Stavropol Territory, 355035, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 81 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 81%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: local telephone services (urban and rural)

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Bekasov Kirill Borisovich (chairman)	1959	none	none
Sapelkina Galina Nikolaevna	1953	none	none
Zavyazkin Roman Alexeevich	1974	0.00001	none
Panasenko Vyacheslav Illarionovich	1943	none	none
Lazarenko Pavel Stepanovich	1934	none	none
Nefyodov Igor Yevgenievich	1962	0.00009	0.00012
Dubchuk Vitaliy Ivanovich	1957	0.00014	none
Korobskoy Vladislav Vladimirovich	1974	none	none
Bizyaeva Natalia Petrovna	1977	none	none

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Zemtsev Alexander Vladimirovich	1957	0.00203	0.0019

8) **Full registered name:** Closed Joint –Stock Company TV and radio broadcasting company “Foton”

Abbreviated name: CJSC TRK “Foton”

Location: 30, Zheleznodorozhnaya Str., Krasnodar, Krasnodar krai, 350033, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50.5 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50.5%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer’s common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: provision of services of air, cable, satellite and air-cable TV and TV broadcasting.

The company’s importance for the issuer’s business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Komov Nickolay Fedorovich (chairman)	1954	none	none
Kim Ivan Valeryevich	1972	none	none
Lychak Irina Vladimirovna	1975	none	none
Shestopalova Marina Nikolaevna	1966	none	none
Erdnieva Yana Aleksandrovna	1979	none	none

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Bogachev Alexander Nickolaevich	1953	none	none

9) **Full registered name:** Company with Limited Liability Creative Association “Accent”

Abbreviated name: OOO TO “Accent”

Location: 68, Krasnoarmeiskaya Str., Krasnodar, Krasnodar krai, 350000, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 51 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 51%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer’s common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: provision of services of air, cable, satellite and air-cable TV and TV broadcasting.

The company’s importance for the issuer’s business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors of the commercial organization:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Shestopalova Marina Nickolaevna (chairman)	1966	none	none
Kim Ivan Valeryevich	1972	none	none
Lychak Irina Vladimirovna	1975	none	none
Naboka Larisa Igorevna	1967	none	none
Sporchich Oksana Anatolievna	1976	none	none

The Chairman of the Board of Directors is not elected.

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Zabotina Adelina Valentinovna	1967	none	none

10) **Full registered name:** "Volgograd-GSM" Closed Joint –Stock Company

Abbreviated name: "Volgograd-GSM" CJSC

Location: 13d, Kommunisticheskaya Str., Volgograd, Russian Federation, 400131

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: 0,0150%

Share of the Issuer's common stock owned by the subsidiary and/or associate: 0,0040%

Basic areas of business of the company: cellular services of GSM-900/1800 standard

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Malyarenko Arthur Nikolaevich	1974	0.0011	0.00009
Skoblikov Vladimir Eduardovich	1972	none	none
Kiryushin Gennadi Vasilyevich	1949	none	none
Tareeva Larisa Valeryevna	1977	none	none
Girev Andrei Vitalyevich	1973	none	none
Skvortsov Boris Vladimirovich	1941	none	none

The Chairman of the Board of Directors is not elected.

Personal membership of the collegiate executive body:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Vetyutnev Alexander Mikhailovich (chairman)	1948	none	none
Yushkin Sergei Vasilievich	1968	none	none
Bychenkova Tatiana Vyacheslavna	1957	none	none
Popkov Sergey Viktorovich	1961	none	none
Krutov Sergey Borisovich	1961	none	none
Taldikin Dmitri Vladimirovich	1972	none	none

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Vetyutnev Alexander Mikhailovich	1948	none	none

11) **Full registered name:** "Stavropolskaya Sotovaya svyaz" Closed Joint –Stock Company

Abbreviated name: "SSS" CJSC

Location: 10/12, prospect Oktyabrskoy revolyutsii, Stavropol, Stavropol Territory, 355035, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: cellular services of AMPS-800 standard

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Pshenichnaya Lyudmila Ivanovna	1948	0.00375	0.00078
Vladimir Eduardovich Skoblikov	1972	none	none
Ivan Ivanovich Ignatenko	1975	none	none
Bizyaeva Natalia Petrovna	1977	none	none
Korobskoy Vladislav Vladimirovich	1974	none	none
Lyakh Dmitriy Georgievich	1978	none	none

The chairman of the Board of Directors is not elected.

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Churkin Valeriy Viktorovich	1960	none	none

12) **Full registered name:** "TeleRoss-Volgograd" Closed Joint –Stock Company

Abbreviated name: "TeleRoss-Volgograd" CJSC

Location: 16, Mira Str., Volgograd, 400131

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: providing cellular services

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kudryavtsev Alexander Georgievich (co-chairman)	1954	none	none
Arefyev Alexey Viktorovich	1965	0.00081	0.00047
Skoblikov Vladimir Eduardovich (co-chairman)	1975	none	none
Patoka Andrey Yevgenievich	1969	none	none
Bolotin Stanislav Semyonovich	1948	none	none
Dubchuk Vitaliy Ivanovich	1957	0.0001	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Marshanin Viktor Andreevich	1955	none	none

13) **Full registered name:** "TeleRoss-Kubanelectrosvyaz" Closed Joint –Stock Company

Abbreviated name: "TeleRoss-Kubanelectrosvyaz" CJSC

Location: 110/1, Aivazovskogo Str., Krasnodar, 350040

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: building and operation of corporate communication network providing services of urban local and long-distance telephony.

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Sergey Nikolaevich Basanets	1951	0.0004	0.0005

Kudryavtsev Alexander Georgievich	1954	none	none
Alexander Petrovich Shipulin	1953	0.0067	none
Moskalev Valery Anatolievich (chairman)	1962	none	none
Patoka Andrey Yevgenievich	1969	none	none
Butenko Anatoliy Ivanovich	1947	none	none

Personal membership of the collegiate executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Yelistratov Boris Yakovlevich	1947	0.01284	0.013

14) **Full registered name:** "ZanElCom" Closed Joint –Stock Company

Abbreviated name: "ZanElCom" CJSC

Location: 7/2, Novolesnaya Str., Moscow, 103055, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 45 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 45%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Internet services

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collegiate executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Yermokhin Andrey Dmitrievich	1954	none	none

15) **Full registered name:** "Yug-Giprosvyaz" Limited Liability Company

Abbreviated name: "Yug-Giprosvyaz" LLC.

Location: 67, Gagarin Str., Krasnodar, 350062

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 24 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: technological designing of communication facilities including trunk engineering networks

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results, but it is important in respect to organization of the process of construction of communication networks, because "Yug-Giprosvyaz" LLC is one of the Issuer's main designers.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kurashova valentina Viktorovna	1952	none	none
Semin Aleksei Vitalievich (Chairman)	1963	none	none
Loshmanov Yevgeniy Valeryevich	1961	none	none
Stasyuk Vladimir Yaroslavovich	1954	none	none
Serbina Olga Vladimirovna	1961	0.00003	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Serbina Olga Vladimirovna	1961	0.00003	none

16) **Full registered name:** "Telekinokompaniya IR" Closed Joint –Stock Company

Abbreviated name: "Telekinokompaniya IR" CJSC

Location: 2-a, Osetinskaya gorka Str., Vladikavkaz, RSO-A, 362007

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 23.5 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 23.5%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Commercial broadcasting of TV and radio programs

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Bizyaeva Natalia Petrovna	1977	none	none
Gioyev Vladislav Akhmetkhanovich	-	none	none
Tabolov Sergey Soltanbekovich	1972	none	none
Kabisova Irina Khazbievna	1974	none	none
Obukhan Mikhail Ivanovich (chairman)	1952	none	none

Personal membership of the collegiate executive body of this commercial organization:

Collegiate executive body is not stipulated by the constituent documents of the commercial

organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Tavasiev Vladimir Mukharbekovich	1949	none	none

3.6. Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans for Acquisition, Replacement and Retirement of Fixed Assets, and on all Facts of Issuer's Fixed Assets Burdening

3.6.1. Fixed Assets

Fixed assets group	Original (replacement) value of fixed assets, RUR	Depreciation charges, RUR
As of June 30, 2005		
Land	3 294 796	0
Buildings	5 116 009 822	1 304 231 011
Communication lines	12 913 985 318	3 382 140 268
Vehicles (Transportation equipment)	478 173 249	244 541 076
Switches	10 856 940 159	2 739 624 586
Other telecommunication equipment	8 227 482 629	2 278 611 034
Computers and office equipment	943 799 414	356 399 857
Other equipment	1 074 994 069	414 967 972
Other fixed assets	2 123 229 642	742 727 529
Total	41 737 909 098	11 463 243 333

Information on the last revaluation of the Company's fixed assets and fixed assets leased on a long-term basis, have been carried out within five years before the quarter under report:

Fixed assets group	Complete balance sheet value prior to revaluation, RUR	Depreciated cost prior to revaluation, RUR	Date of revaluation	Complete balance sheet value after revaluation, RUR	Depreciated cost after revaluation, RUR
Buildings	1 853 856 000	1 312 379 000	01.01.2003	4 010 036 000	2 857 613 000
Total:	1 853 856 000	1 312 379 000	01.01.2003	4 010 036 000	2 857 613 000

As of June 30, 2005 revaluation of only one group "buildings" of the Issuer's fixed assets was carried out.

Revaluation method:

Revaluation was carried out according to market value by direct recalculation on the basis of the data confirmed by documents.

Information about the appraiser:

Full registered name: "ROSTO" Limited Liability Company

Abbreviated name: "ROSTO" Ltd

Location: 102, Novorossiyskaya Str., Krasnodar, 350058

TIN: 2308057388

Postal address: 102, Novorossiyskaya Str., Krasnodar, 350058

Phone: (861) 255-00-49

Fax: (861) 255-00-49

E-mail: elan@istnet.ru

In 2005 the Issuer does not plan to acquire, replace or retire fixed assets which value exceeds 10 % of total fixed assets value.

Information on all the facts of the Issuer's fixed assets burden as of the date of approval of the Issuer's quarterly report

Character of the fixed assets burden	Date of the burden occurrence	Valid till	Other terms (balance sheet value, ths RUR)
Pledged under the Credit Agreement № 23 with the Savings Bank of the Russian Federation	28.02.2003	24.01.2006	729 655.50
Left as a security under the Credit Agreement № 78489 of 05.08.2003 with the Krasnodar branch of OJSC "Alfa-Bank" (ERP)	05.08.2003	09.12.2006	698 648.52
Left as a security under the Credit Agreement № KRД/RK/59/03 of 14.10.2003 with AKB "Rosbank"	14.10.2003	10.10.2006	1 150 075.58
Left as a security under the Credit Agreement № 218 of 22.12.2003 with the Savings Bank of the Russian Federation	22.12.2003	19.12.2008	1 818 653.87
Left as a security under the Credit Agreement № KRД/RK/013/04 of 16.03.2004 with AKB "Rosbank"	16.03.2004	14.03.2007	1 144 758.38
Left as a security under the Credit Agreement № 252 of 24.03.2004 with the Savings Bank of the Russian Federation	24.03.2004	15.09.2005	105 037.99
Left as a security under the Credit Agreement № 1943 of 23.04.2004 with the Volgograd branch of OJSC "Alfa-Bank"	23.04.2004	21.04.2006	468 000.00
Left as a security under the Credit Agreement № 79149 of 29.04.2004 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	29.04.2004	29.04.2006	151 575.00
Left as a security under the Credit Agreement № 57/04 of 29.04.2004 with the Krasnodar branch of OJSC "Promyshlennno-stroitelnyy bank"	29.04.2004	26.04.2007	1 277 327.50
Left as a security under the Credit Agreement № 79172 of 06.05.2004 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	06.05.2004	06.05.2006	152 100.00
Left as a security under the Credit Agreement № 79257 of 03.06.2004 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	03.06.2004	01.05.2006	514 800.00
Left as a security under the Credit Agreement № 311 of 21.06.2004 with the Krasnodar branch of the Savings Bank of the Russian Federation	21.06.2004	16.12.2005	115 293.37
Left as a security under the Credit Agreement № 144 of 23.06.2004 with "VKABANK" OJSC	23.06.2004	25.09.2005	147 309.00
Left as a security under the Credit Agreement № 78/04 of 22.07.2004 with "Vneshtorgbank" OJSC	22.07.2004	21.07.2007	316 491.12
Left as a security under the Credit Agreement № 80/04 of 28.07.2004 with "Vneshtorgbank" OJSC	28.07.2004	26.07.2007	316 400.00
Left as a security under the Credit Agreement № 93/03 of 31.08.2004 with "Vneshtorgbank" OJSC	31.08.2004	30.08.2007	293 800.00

Character of the fixed assets burden	Date of the burden occurrence	Valid till	Other terms (balance sheet value, ths RUR)
Left as a security under the Credit Agreement № 104/04 of 30.09.2004 with "Vneshtorgbank" OJSC	30.09.2004	31.08.2007	316 400.00
Left as a security under the Credit Agreement № 103/04 of 30.09.2004 with "Vneshtorgbank" OJSC	30.09.2004	29.09.2006	117 609.41
Left as a security under the Credit Agreement № 464 of 20.12.2004 with the Savings Bank of the Russian Federation	20.12.2004	16.06.2006	165 300.00
Left as a security under the Credit Agreement №79705 of 27.12.2004 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	27.12.2004	27.12.2007	625 092.94
Left as a security under the Credit Agreement №3109 of 19.01.2005 AKB "Yugbank"	19.01.2005	15.07.2005	105 555.10
Left as a security under the Credit Agreement № 499 of 09.02.2005 with the Savings Bank of the Russian Federation	09.02.2005	04.08.2006	280 775.10
Left as a security under the Credit Agreement №79831 of 21.02.2005 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	21.02.2005	19.08.2005	185 117.51
Left as a security under the Credit Agreement №79849 of 28.02.2005 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	28.02.2005	26.08.2005	114 783.87
Left as a security under the Credit Agreement № 14/05 of 09.03.2005 with "Vneshtorgbank" OJSC	09.03.2005	30.07.2006	188 160.36
Left as a security under the Credit Agreement № 533 of 29.03.2005 with the Savings Bank of the Russian Federation	29.03.2005	25.09.2006	421 747.57
Left as a security under the Credit Agreement №80079 of 05.05.2005 with the branch "Krasnodarskiy" of OJSC "Alfa-Bank"	05.05.2005	05.05.2006	126 590.30
Left as a security under the Credit Agreement №3180 of 12.05.2005 with AKB "Yugbank"	12.05.2005	07.11.2005	144 130.29
Left as a security under the Credit Agreement №5/05 of 22.04.2005 with OJSC AKB "Promsvyazbank"	22.04.2005	21.04.2006	228 854.03
Left as a security under the Credit Agreement №6/05 of 22.06.2005 with OJSC AKB "Promsvyazbank"	22.06.2005	22.06.2008	574 805.74
Left as a security under the Credit Agreement № 562 of 12.05.2005 with the Savings Bank of the Russian Federation	12.05.2005	11.05.2010	172 678.73
TOTAL			13 167 526.79

IV. Information about the Issuer's financial and economic performance

4.1. Results of the Issuer's financial and economic activity

4.1.1. Profit and loss statement

Description	30.06.2005
Revenue, ths RUR	8 669 974
Gross profit, ths RUR	2 099 267

Description	30.06.2005
Net profit (retained earnings (uncovered loss), ths RUR	106 735
Return on equity (owned capital profitability), %	0.86
Production assets profitability, %	0.25
Net profit margin, %	1.23
Profitability of products (sales), %	24.21
Ratio of capital turnover	34.64
Amount of uncovered loss as of the reporting date, RUR	-
Uncovered loss as of the reporting date to balance currency ratio	-

The above indicators were calculated according to the methodology recommended by the standard acts of the federal authorities.

Economic analysis of the Issuer's business efficiency:

As of June 30, 2005 revenues from telecom services increased by 11 % over 1H2004.

1H2005 gross profit showed a 48%- increase over 1H2004.

1H2005 net profit increased 141% over 1H2004 mainly due to a positive trend in revenue growths compared to the operating costs and reductions in the growth rates of interest expenses under credits caused by cutting the Company's investment program in 2005.

Profitability of sales in 1H2005 increased over 1H2004 by 116 percentage points to 24.21% due to low costs.

1H2005 assets profitability and owned capital profitability showed a sizeable increase over 1H2004 by 139 and 108 percentage points, respectively, due to own capital growth and borrowings reduction in the period under report.

The Issue's ratio of capital turnover in 1H2005 rose 2% over a year-ago.

Factors that in opinion of the Issuer's governing bodies have affected the amount of profits/losses of the Issuer reflected in the accounting records:

Year	Loss / profit, RUR ths	Factors accounting for the Issuer profit/loss
2Q2005	117 448	The Issuer gained profit mainly due to a positive trend in revenue growths compared to the operating costs caused by cutting the Company's investment program in the period under report and following the policy of severe savings on costs.

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer are similar.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer.

4.1.2. Factors That Have Influenced the Change of the Amount of revenues from Issuer's Sales of Goods, Products, Works, Services and Profits (Losses) of the Issuer from Core Activity

Factors That Have Influenced the Change of the Amount of revenues from Issuer's Sales of Goods, Products, Works, Services in the reporting period:

Change of the Amount of revenues resulted from increase of revenues from sale of telecommunications services (tariff growth, increase in number of basic telephone sets).

Year	Change of the amount of revenue, ths rubles	Change of the amount of revenue, %	Factors That Have Influenced the Change of the Amount of revenue
2Q 2005	356 310	8.86	– Revenues from telecommunications services (+98.58 %) <ul style="list-style-type: none"> a) Revenues from domestic and international long-distance telephony (+35.96%) due to increase in volume of international traffic, tariff growth. б) Revenues from local telephony (+41.03%) due to network development and growth of monthly subscriber fee. в) Revenues from other telecom services (+21.59%) – Other factors (+1.42%)

Factors That in the opinion of the Issuer's governing bodies Have Influenced the Change of the Amount of Profits (Losses) of the Issuer from Core Activity in the last five completed fiscal years:

In 2Q2005 revenue growth rate from sales was higher than cost value growth rate compared to 2Q2004.

RUR ths	
Description	2 nd quarter 2005
<i>Change of the factors That Have Influenced the Amount of revenue from sales</i>	
Revenue	356 310
Cost value	18 027
Business expenses	0
Administrative expenses	0
Change of revenues from sale	374 337

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer are similar.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer.

4.2. Liquidity of the Issuer

Description	30.06.2005
Own circulating assets (working capital), RUR.	-25 801 761 997
Fixed assets index	3.06
Current liquidity ratio	0.28
Quick liquidity ratio	0.08
Own assets autonomy ratio	0.29

The above indicators were calculated according to the methodology recommended by the Regulations on information disclosure by Issuers of emissive securities approved by the Federal Commission for Securities Market of Russia № 03-32/ps.

In 1H2005 own working capital decreased 39.26% over 1H2004 as a result of considerable excess of growth rates of the working capital over change of the Company's own capital. Such dynamics cannot be considered as deterioration of the Issuer's financial position because growth of assets was financed from long-term borrowed funds.

1H2005 own assets autonomy ratio was down 14.71 percentage point over 1H2004 indicating a decrease in the Issuer's financial stability.

As the non-circulating assets of the company are partially financed from borrowed funds,

own circulating funds value for reserves is negative.

The fixed assets index is higher than the recommended value (0.9), while the recommended value has been calculated for enterprises with medium capital coefficient. Communication enterprises are considered to be enterprises with a high capital coefficient. This indicator in 1H2005 is up 22.89 percentage points over 1H2004.

1H2005 ratios of current liquidity and quick liquidity were down over 1H2004 by 0.12 and 0.07 percentage points accordingly, due to increase in the portion of short-term debts and decrease in the share of working capital in the balance structure under report.

4.3. Amount, Structure and Sufficiency of Issuer's Equity and Working capital

4.3.1. Amount and Structure of Issuer's Equity and Working capital

Description	30.06.2005
Authorized capital, RUR	1 297 779 000
Total value of the Issuer's shares repurchased by the Issuer for their future resale (transfer)	0
The Issuer's reserves formed from the Company's profit, RUR.	64 889 000
Additional paid-in capital reflecting increase of assets value after revaluation, RUR	5 622 007 000
Difference between the sale price (price of distribution) and par value of the Company's shares resulted from selling the Company's shares at the price higher than their nominal value, RUR	0
Retained net profit of the Issuer, RUR	106 735 000
Social fund, RUR	0
Retained earnings of the past years, RUR	5 192 899 000
Total capital value of the Issuer, RUR	12 284 309 000

The values specified in the above table are shown in accordance with the Company's accounting reports.

The size of the authorized capital of the Issuer corresponds to the constituent documents of the Issuer.

Structure and amount of the Issuer's current assets in accordance with its financial accounts:

Description	30.06.2005	
	RUR ths	%
Inventories	1 191 778	24,11
VAT on acquired values	2 273 348	45,98
Accounts receivable (expected in over 12 months after the reporting date)	23 016	0,47
Accounts receivable (expected within 12 months after the reporting date)	1 250 085	25,29
Short-term financial investments	44 963	0,91
Cash and cash equivalent	158 868	3,21
Other current assets	1 702	0,03
Current assets - total	4 943 760	100,00

Sources of financing the Issuer's circulating assets:

Description	30.06.2005	
	RUR ths	%
Own funds	12 284 309	28.40
Long-term loans and credits	8 289 224	19.16
Short-term loans and credits	11 789 477	27.26
Accounts payable	5 740 339	13.27
Other sources of financing	5 152 414	11.91
Total	43 255 763	100.00

The Issuer's policy on financing the Issuer's working capital:

The Issuer tries to minimize the current accounts payable, which makes it possible to ensure smaller liquidity risk and greater total efficiency. Such strategy requires usage of long-term liabilities and own capital for financing most part of working capital.

Factors that may result in changing the policy of financing the circulating assets

- *actions aimed at reduction of accounts receivable, decrease of the stock level, acceleration of the circulating assets turnover;*
- *growth of market prices of working stock and other kinds of inventories;*
- *financial risks associated with the change of interest rates caused by possible alteration of refinancing rates of the Central Bank of the Russian Federation;*
- *change of prices on services provided by the Issuer.*

Probability of such factors' occurrence:

- *the Issuer's policy on assets management regarding receivables and stock is aimed at reduction of their level and turnover period. Possibility of negative influence of the given factor on financing the working capital is estimated as low;*
- *cost of bank credits and the rate of refinancing of the Central Bank of the Russian Federation have a downward tendency. Possibility of adverse effect of the given factor on financing the working capital is estimated as low;*
- *prices of inventories used by the Issuer in its business activity are not liable to the sudden ups and downs of the market. Possibility of adverse effect of the given factor on financing the working capital is estimated as low;*
- *the Issuer's marketing strategy is aimed at broadening its activity in the market sectors with non-regulated prices and tariffs. Possibility of adverse effect of the given factor on financing the working capital is estimated as low.*

4.3.2. The Issuer's financial investments

Financial investment of the issuer, making over 10 per cent of all financial investment as of the end of the quarter under report.

1) Investments in securities.

Kind, category (type), form of securities: *ordinary registered non-documentary shares*

Full and abbreviated registered name of the issuer: *Open Joint –Stock Company "Health-care center "Orbita"/ OJSC "Health-care center "Orbita".*

Location: *Olginka, Tuapse district, Krasnodar Krai, 352840*

State registration of securities' issues:

Date of the issue's state registration	State registration number of the issue	Authority of state registration of the issue:
20.04.2001	1-01-58003-P	Regional branch of FCSM of Russia in the Southern federal district

Number of securities owned by the Issuer, pieces: **354 400**

Total par value of securities owned by the Issuer, RUR: **354 400 000**

Total balance value of securities owned by the Issuer, RUR: **354 400 000**

Balance value of securities of the Issuer's subsidiaries and associates, RUR: **354 400 000**

Amount of fixed rate or other income yielded by bonds and other debt emissive securities or procedure of its determination: **none**

Period of payment: **none**.

Preference share dividend and procedure of its determination if it is indicated in the Charter of the Issuer –Joint –Stock Company: **none**

Payout period: **none**.

Common share dividend (if common share dividend for the current years is not declared, dividend declared for the previous year should be indicated), payout period:

No income has been charged or paid by the securities during the period of the Company's operation.

Potential losses caused by the bankruptcy of the organizations (enterprises) in which investments have been made:

In the opinion of the Issuer potential losses are limited to balance value of investments.

2) Non-emissive securities:

Financial investment of the issuer in non-emissive securities making over 10 per cent of all financial investment as of the end of the last fiscal year before the date of approval the Emissive Prospectus: **no such investments**

Potential losses caused by the bankruptcy of the organizations (enterprises) in which investments have been made: **none**

3) Other financial investments:

Other financial investment of the issuer making over 10 per cent of all financial investment as of the end of the last fiscal year before the date of approval the Emissive Prospectus: **no such investments**

Potential losses caused by the bankruptcy of the organizations (enterprises) in which investments have been made: **none**

Information of reserves created for devaluation of the securities.

In December 2003 pursuant to PBU 19/02 the Issuer created reserve for devaluation of financial investments.

Size of the reserve for devaluation of UTK's securities makes:

48,234,305 rubles as of January 1, 2004

3,678,601 rubles as of December 31, 2004.

The Issuer's funds are not placed on deposit or other accounts in banks and other credit organizations which licenses have been suspended or withdrawn or concerning which the decisions on reorganization, liquidation of such credit organizations, starting the procedure of bankruptcy, or recognition of such organizations bankrupt have been accepted.

Accounting Standards according to which the Issuer has made calculations reflected in the present item of the Emissive prospectus:

Financial investments are reflected by the Issuer on account 58 according to PBU 19/02 "Accounting for financial investments" approved by Order of the Ministry of Finance of the Russian Federation №126n of 10.12.2002.

4.3.3. Issuer's Intangible Assets

Structure, Original (replacement) cost of intangible assets and depreciation charged in the reporting period:

№	Group of intangible assets	Overall value, RUR	Depreciation charged, RUR
Reporting date: 30.06.2005			

1	Exclusive rights to trade marks and service marks	89 951	14 293
2	Exclusive rights to usage of isolated natural objects	0	0
3	Exclusive rights to software, data bases	2 042 298	1 360 044
	TOTAL	2 132 249	1 374 337

There were no contributions of intangible assets to the authorized capital or on a gratis basis.

Accounting for intangible assets.

Intangible assets are reflected according to "Accounting rules for intangible assets" PBU 14/2000, approved by the Order of the Ministry of Finance of the Russian Federation № 91n of October 16, 2000.

Depreciation charges on intangible assets is determined monthly according to the norms established on the basis of the initial value of such assets and their useful life using linear method.

The projected useful life of intangible assets is determined at their registration by a special commission and approved by the Company's General Director.

The cost of intangible assets is redeemed through the accrual of amortization on account 05 "Amortization of intangible assets".

4.4. Data on the policy and expenses of the issuer in the field of scientific and technical development, in respect of licenses and patents, new designs and research

The Issuer's expenses in the field of scientific and technical development in the reporting period preceding the expiry date of the previous reporting period, in respect of licenses and patents, new designs and research at the expense of the Issuer's own funds in such reporting period.

In the context of the policy of technical development "UTK" PJSC obtains and maintains the licenses necessary for providing full range of telecom services to potential and existing customers.

Period	Payments for licenses, RUR	Payments for NIOKR, RUR
1Q2005	6 949	0

Data on creation and obtaining the legal protection by the Issuer of the basic objects of the intellectual property (including data on the date of issue and termination of patents for invention, utility model and industrial model, on the state registration of trade marks and service marks, names of the place of products' origin):

№	Kind and № of protection passport	Name	Date of issue	Period of validity	Place of the product origin	Main directions of usage	Results of usage	Risk factors
Object of intellectual property – "invention"								
The Issuer has no registered objects of intellectual property								
Object of intellectual property – "utility model"								
The Issuer has no registered objects of intellectual property								
Object of intellectual property – "trade mark and service mark"								
1.	243488	Certificate of trade mark (service mark)	15.04.2003	10 years	-	The main direction of the trademark's usage is its usage when rendering all kinds of services by the Issuer, protection of the registered name of the Company, creation of strong advertising brand.	Making the Company more recognizable, the Company's positioning in the telecom market	Risk associated with the possibility of withdrawal of the certificate on usage of trademark, is minimal.

№	Kind and № of protection passport	Name	Date of issue	Period of validity	Place of the product origin	Main directions of usage	Results of usage	Risk factors
Object of intellectual property – "software program"								
1.	Computer-based billing system ASR "KURS" *							
2.	Software ASU BUKHUCHOT **							
Object of intellectual property – "data base"								
The Issuer has no registered objects of intellectual property								
Object of intellectual property - "industrial model"								
The Issuer has no registered objects of intellectual property								

* - conformance certificate № OS/I-ST-170 issued on 9.08.2001 by the Ministry for Communications of the Russian Federation, valid till 9.08.2004. Purpose: automation of business accounting.

** - Contract № 1-97 of 5.03.1997 with the company "Kubaninformholding" for right of software usage (date of registration 31.07.1999). Contractual time is 10 years. Purpose: automation of business accounting.

4.5. Analysis of the Development Trends in the Sector of the Issuer's Principal Activity

During many years telecom sector of Russia has a growing tendency of industrial and economic activity. It demonstrates increase of solvent demand for telecom services and growth of volume of the provided telecom services. Investment activity of the telecom sector is increasing against the background of economic growth in all telecom market segments.

In 1H03 process of reorganization of Svyazinvest holding structure completed and resulted in creation of seven interregional telecom companies which could be compared with East-European operators of fixed communications. Completion of the legal procedure of reorganization of Svyazinvest subsidiaries has become an initial phase of reforming telecom sector. At present corporate restructuring of the consolidated telecoms is being carried out.

The basic tendencies in telecommunications sector within the next few years will be the following:

- transition to time-based billing system for local outgoing calls;
- fundamental improvement of tariff policy;
- increase of a technical level of public telephone systems.

One of the strategic directions of telecom sector development in the nearest future is radical improvement of tariff policy of the telecom companies. The key points here are to bring telecom tariffs to the level of economically justified costs and to minimize cross subsidizing of various telecom services. This improvement implies growth of local telephony tariffs to put an end to its subsidizing by long-distance and international telephony. "Svyazinvest" PJSC works out new tariff policy together with Ministry of Telecommunications and Informatics of the Russian Federation and Federal Anti-Monopoly Service of the Russian Federation.

Heavy capital investments will be continued to extend and modernize public telephone and data transmission networks of the united telecom companies in the Federal Districts aimed at liquidation of waiting lists for installation of telephone sets and increase of level of network digitization.

Main factors of the Issuer's tariff income growth in medium-term outlook will be the following:

- Growth of local tariffs;
- Increase of long-distance traffic per line due to improvement of the residents' standard of living and growth of revenues from business sector;
- Considerable increase in number of communication lines in operation and as a result growth of telephone density in the country;
- Growth of revenues from value-added telecom services especially from providing Internet access, because this market segment is characterized by low satiety level.

Development of the Issuer's business corresponds to the general development tendencies of the telecommunications sector.

Grounds for the received activity results (satisfactory and unsatisfactory results in the opinion of the Issuer):

Telecommunications sector development corresponds to common positive trends in the Russia economy. The sector has been developing dynamically during the last several years: new

technologies and new services have appeared; solvent demand for telecom services has increased. The Issuer's activity is aimed at providing full range of telecom services to wide circle of customers.

Factors and terms having effect on the Issuer's activity and its performance results:

The main risk factors of the Issuer's activity:

1) The most recent version of the federal law "On Telecommunications" came into effect on 1 January 2004. It determines the authority that various branches of the government exercise over the regulation of the telecommunications sector. The law can increase a degree of regulation of the Issuer's business. Till the moment of approval of the corresponding normative acts, the period of contradictions and uncertainties relating to different interpretation of the Law by regulating authorities is inevitable.

Pursuant to the new Law the Company is obliged to establish equal status of connection of communication networks and pass-through of traffic for telecom operators providing similar services and to render to these operators services on connection and pass-through of traffic on the same conditions and of the same quality as for its own structural divisions and affiliated persons.

In addition, according to the new Law "On Telecommunications" a subscriber (natural person) has the right to choose form of payment for local telephone calls: monthly subscriber fee or time-based billing system of payment.

The management cannot predict effect of the new Law on the Company activity.

2) Running processes of integration of alternative telecoms in large holdings.

Forecast concerning duration of the specified factors and conditions:

It is difficult to predict the duration of the main adverse factors because it is impossible to determine the period of validity of the main law regulating activity in telecommunications sector. Integration process of alternative operators is very dynamic and it will be continued for several more years.

Actions undertaken by the Issuer and actions which the Issuer plans to undertake in the future for effective usage of the given factors and conditions:

The Issuer is going to make advantage of its main competitive strengths.

Essential events / factors which can have a negative effect on the opportunity of the Issuer to receive similar or better future results than those received in the last accounting period:

In future the main negative effect is expected from strengthening of competition especially with mobile operators.

Probability of occurrence of such events (factors):

Probability of the situation that mobile operators will be strong competitors is very high, since they are actively building up their presence in all regional markets.

Main existing and potential competitors of the Issuer in the sphere of its core activity including foreign ones. Competitive capacity factors of the Issuer with the description of a degree of their influence on competitive power of products (jobs, services).

As of July 1, 2005 440 alternative telecom operators operated in the territory of the Southern Federal District, 111 of them being Internet-providers, 248 – providers of local and long-distance telephone services. But main competitors of "Southern Telecommunications Company" PJSC in SFD telecom market are cellular operators. 44 cellular operators representing 12 trademarks operate in the Company's licensed territory.

In spite of high level of competition "UTK" PJSC maintains major market share of traditional fixed-line services. According to 1H 2005 preliminary results total market share of "UTK" PJSC in the aggregate SFD market constituted 81%.

According to 1H2005 preliminary results UTK's market shares in the SFD telecom market are the following:

- 92.4% - local telephone services and providing access to public telephone network
- 91% - long-distance telephone services
- 48% - value-added services

- 78% – other services

According to 1H2005 results UTK's share of regional telecom market revenues was 36.5%.

"Southern Telecommunications Company" PJSC states the following priority tasks:

- **Introducing new technologies and services meeting the market development tendencies and customers' real requirements**
- **Making value-added services more competitive**
- **Developing integrated data networks (multi-service networks) in the Southern Federal District**
- **Introduction and deployment of pre-paid universal service cards throughout the licensed territory of "UTK" PJSC.**
- **Technical realization of intra-regional service roaming.**
- **Provision of services "in package".**

Priority services of the Issuer are the following:

- **"Package" services**
- **IP-telephony**
- **VPN**
- **Call-center services**
- **ISDN services**
- **Wi-Fi access to Internet**
- **Services of multimedia and multi service networks (including digital cable TV).**

One of the priorities in the service sphere is introduction and further development of pre-paid service cards including universal cards, development of "self-service" system, as well as development of the content to be accessed by subscribers through various information access channels (Internet, E-mail, SMS, WAP, IVR, operators of the Contact-center).

Market shares of the Issuer and its competitors for the last five fiscal years in opinion of the Issuer:

Name	Country of registration	Volume of sold products, RUR thousand (including 2004)	Market share, %			
			2002	2003	2004	1H 2005
The Issuer	Russia	48121200	45.0	46.0	39.6	36.4
Cellular operators	Russia	54023800	34.5	41.7	51.5	55.3
Other operators	Russia	13848300	20.5	12.3	8.9	8.3

Analysis of the factors of the Issuer's competitive capacity:

- In the table one can see comparison of competitive capacity factors in relation to main competitors

of "UTK" PJSC – cellular and fixed-line operators, Internet and IP-telephony providers.

- Quantitative values of competitive capacity factors specified in the table represent the average values obtained from end-users on the basis of penta-numerical scale.

- The value total of competitive capacity factors of the Issuer is calculated taking into consideration rating of importance of these factors.

Description	Rating of the factor importance	Issuer	Fixed-line operators	Cellular operators	Internet and IP providers
Convenience of location (distribution system)	0.1	4.2	3.4	4.6	3.7
Price	0.2	3.9	3.5	3.4	3.3
Quality of products	0.25	4.1	3.7	4.0	3.3
Service rapidity	0.15	4.1	3.6	4.3	3.6
After-sale service	0.15	4.1	3.5	4.3	3.8
Consumer properties of services	0.15	4.5	3.7	4.5	4.0
Closing value of the company's competitive capacity		4.1	3.6	4.1	3.6

Essential events / factors which can improve the Company's performance results:

General economic growth in Russia and increase of the telecommunications sector share in Gross National Product has a positive effect on the Company's activities.

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer are similar.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer.

V. Detailed Data on the Persons Who are Members of the Issuer's Governing Bodies, Issuer's Bodies for Control over its Financial and Economic Operation, and Brief Data on the Workers (Employees) of the Issuer

5.1 Data on the Structure and Terms of Reference of the Issuer's Governing Bodies

Structure of the Issuer's governing bodies and their terms of reference in accordance with its Charter:

Structure of the Issuer's governing bodies in accordance with its Charter:

- *General Shareholders' Meeting is the Company's supreme governing body.*
- *Board of Directors is a collegiate governing body exercising general management of the Company's activity.*
- *Management Board is a collegiate executive organ of the Company providing realization of the resolutions adopted by a General Shareholders' Meeting and the Company Board of Directors.*
- *General Director is the personal executive power exercising management of the Company's current activity.*

Board of Directors is elected annually by the General Shareholders' Meeting in number of 11 persons by cumulative voting.

The General Shareholders' Meeting is entitled to take a decision on pre-term termination of the Board of Directors' powers. Such resolution may be approved only in regard to all members of the Company's Board of Directors simultaneously.

In case of early termination of the Board of Directors' powers, powers of new members of the Board of Directors shall be legal till the next Annual General Shareholders' Meeting.

Quantitative membership, personal structure of the Management Board is to be approved by the Board of Directors' resolution upon proposal of the General Director and the members of the Company's Board of Directors. Board of Director has the right to adopt resolution on early termination of powers of the members of the Management Board.

General Director is appointed by the Board of Directors of the Company. General Director acts on behalf of the Company without Power of Attorney. General Director acts as the Chairman of the Company's Management Board. General Director has the right to take decisions on the issues not referred to the exclusive competence of General Shareholders' Meeting, Board of Directors and Management Board pursuant to the present Charter.

General Director presides at the General Shareholders' Meeting if not decided otherwise by the Company's Board of Directors.

Board of Directors of the Company is entitled to adopt the resolution on pre-term termination of powers of General Director and on cancellation of the Employment Agreement with him

The General Shareholders' Meeting's terms of reference according to the Company's Charter cover:

1) making amendments and additions to the Company's Charter and approving the Charter's new edition (except for the cases falling under the Federal Law "On Joint Stock Companies"), in which cases decisions may be taken by at least three quarters of voting shareholders attending the General Shareholders' Meeting);

2) the Company's reorganization that shall be voted in favor of it by at least three quarters of voting shareholders attending the General Shareholders' Meeting;

3) the Company's liquidation, appointment of a liquidation commission and approval of a preliminary and final liquidation statements that shall be voted in favor of them by at least three quarters of voting shareholders attending the General Shareholders' Meeting;

4) election of the Board of Directors' members by a cumulative voting;

5) early termination of powers of the Board of Director's members that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;

6) definition of the number, nominal value, category (type) of the Company's declared shares and rights entitled by these shares, in which cases decisions shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;

7) increase of the Company's authorized capital by increasing the shares' nominal value that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;

8) increase of the Company's authorized capital by placing additional shares by public subscription, should the number of additional shares exceed 25 percent of the Company's ordinary shares having been previously placed, in which case a decision shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;

9) increase of the Company's authorized capital by placing additional shares by close subscription, in which case a decision shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;

10) reduction of the Company's authorized capital by decrease of the shares' nominal value, repurchase of the part of the Company's shares in order to reduce their total number as well as cancellation of the shares acquired or redeemed by the Company that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;

11) election of the members of the Company's Auditing Commission and early termination of their powers in which case a decision shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;

12) appointment of the Company's auditor, in which case a decision shall be passed by a majority of voting shareholders taking part in the General Shareholders' Meeting;

13) approval of the Company's annual reports, balance sheets, income and loss statements, distribution of profits and losses including dividend payment (declaration). The decisions in these cases shall be passed by a majority of voting shareholders taking part in the General Shareholders' Meeting;

14) procedures for conducting a General Shareholders' Meeting, in which case a decision shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;

15) split-up and consolidation of the Company's shares, in which cases decisions shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;

16) taking resolutions on approval of transactions with vested interests; such resolutions shall be passed in the cases and in the procedure specified in Article XI of the Federal law "On Joint Stock Companies";

17) taking resolutions on approval of major transactions related directly or indirectly to purchase, alienation or possible alienation by the Company of property, the value of which exceeds 50% of the book value of the Company's assets on the basis of its accounting as of the latest reporting date, except for transactions effected as part of the Company's usual business, transactions related to placement (sale) of the Company's ordinary shares by subscription and transactions related to placement of issued securities convertible into ordinary shares of the Company. The decision in this case shall be passed by at least three quarters of votes of holders of the Company's voting shares attending the Meeting;

18) participation in holding companies, financial and industrial groups, associations and other commercial entities, that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;

19) approval of internal documents regulating the activities of the Company's bodies. The decision in this case shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;

20) placement by the Company of convertible bonds and other issued securities convertible into shares, if such bonds (or other issued securities) are placed by close subscription or by public subscription, where in case of a public subscription such convertible bonds (or other issued securities) may be converted into the Company's ordinary shares exceeding 25 percent of the previously placed ordinary shares. The decision in this case shall be passed by at least three quarters of votes of holders of the Company's voting shares attending the Meeting;

21) decision on compensation, at the Company's expense, of the costs of preparation and conduct of an extraordinary General Meeting of the Shareholders of the Company in the case when the Board of Directors, against the effective laws of the Russian Federation, did not take a decision on convening of an extraordinary meeting, and such meeting is convened by other persons. The decision in this case shall be passed by a majority of holders of the Company's voting shares attending the Meeting;

22) relieving of a person who has acquired, independently or jointly with his affiliates, 30 or more percent of the placed ordinary shares of the Company, of the obligation to buy shares from other

Shareholders of the Company. The decision in this case shall be passed by a majority of holders of the Company's voting shares attending the Meeting, except for the votes on the shares owned by such person and his affiliates;

23) delegating the authority of the Company's individual executive body to a managing organization or a manager , that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;

24) other matters stipulated by the Federal law "On Joint Stock Companies" and this Charter.

General Shareholders' Meeting shall have the right to take decision on issues specified in subparagraphs 2,7,8,9,15-19,23 of the Charter exclusively when presented by the Board of Directors. In this case, other persons authorized under the effective laws of the Russia Federation to enter items on the agenda of the annual or extraordinary General Shareholders Meeting shall not demand that the Board of Directors enter the above matters on the agenda of the meeting.

The General Shareholders Meeting may not review or make decisions on matters that are outside its frame of reference as defined by the Federal Law "On Joint Stock Companies".

Board of Directors' terms of reference according to the Company's Charter:

1) setting of priorities in the activity of the Company, and in particular, approval of the annual budget, budgets for medium- and long-term periods, strategies, and development programs of the Company, making changes in the indicated documents, consideration of the results of their implementation;

2) preliminary approval of the operations exceeding the scope determined by the Company's annual budget;

3) convocation of the annual and extraordinary General Shareholders Meetings, except for the cases provided for under paragraph 8 of Article 55 of the Federal law "On Joint-Stock Companies";

4) approval of the General Shareholders' Meeting's agenda;

5) setting record date for shareholders entitled to attend a General Shareholders' Meeting, and other questions referred to the competence of the Board of Directors pursuant to Part VII of the Federal Law "On Joint-Stock Companies" and related to preparing and conducting a General Shareholders' Meeting;

6) preliminary approval of the Company's annual report;

7) increase of the Company's authorized capital by placing by the Company of additional shares within the number of declared shares as defined by this Charter, except for the cases provided for under subparagraph 8,9 of paragraph 12.2. hereof;

8) placement by the Company of bonds or other issued securities in cases, where under the terms of placement of such bonds or other issued securities, they are not convertible into the Company's shares;

9) placement by the Company of bonds or other issued securities convertible to shares, if such bonds (or other issued securities) are placed by public subscription, where such convertible bonds (or other issued securities) may be converted into the Company's ordinary shares amounting to 25 or less percent of the previously placed ordinary shares;

10) pricing (cash evaluation) of property and the price of placement and redemption of issued securities in cases provided for by the Federal Law "On Joint-Stock Companies";

11) approving resolutions on securities' issue, the emissions' prospects and reports on the results of the Company's securities' issue, quarterly reports of the emissive securities' Issuer as well as reports on the results of repurchase of the Company shares for their redemption approval of resolutions on issue of securities, security issue prospectus, reports on the results of issuance of the Company's securities, reports on the results of purchasing the Company's shares for the purpose of their redemption;

12) acquisition of shares, bonds and other securities placed by the Company;

13) approval of the Company Registrar and of the terms of the contract therewith as well as taking resolutions on the cancellation of the contract therewith;

14) recommendations on size, form and time of dividend payment, approval of internal document on the Company's dividends;

15) use of the Company's reserve fund and other funds;

16) approval of the internal document of the Company regulating the procedures for internal control over its financial and business operations;

17) recommendations on the amount of remuneration and compensation to be paid to the members of the Company's Auditing Commission, approval of the terms of the Agreement with the Company's Auditor and the amount payable to the Auditor for its services;

18) approval of the Provisions on structural subdivision of the Company performing the functions of internal control, approval of nominees to the post of its head as well as consideration of other issues, the resolution on which shall be taken by the Board of Directors in accordance with the Provisions on the indicated subdivision;

19) approval of transactions related to purchase, alienation or possible alienation by the Company, directly or indirectly, of property, the value whereof ranges from 0.5 to 25 percent of the book value of the Company's assets as of the latest reporting date determined from its accounting data;

20) approval of transactions related to purchase, alienation or possible alienation by the Company, directly or indirectly, of property, the value whereof ranges from 25 to 50 percent of the book value of the Company's assets as of the latest reporting date determined from the financial statements, except for transactions effected as part of the Company's usual business, transactions related to placement (sale) by subscription of the Company's ordinary shares, and transactions related to placement of issued securities convertible into ordinary shares of the Company;

21) approval of interested-party transactions in cases provided for under Chapter XI of the Federal Law "On Joint-Stock Companies";

22) determination of the basic principles of the Company's organizational structure;

23) setting-up subsidiaries, opening representative agencies, their liquidation and approval of the Provisions on them;

24) preliminary agreement on the nominees to the posts of directors of subsidiaries and representative agencies and relieving of managers of the indicated structural subdivision of their posts;

25) approval of annual budgets, development strategies and programs, making changes in the indicated documents, consideration of the results of their implementation;

26) nomination of the Company's individual executive body (General Director), determination of his term of office and early termination of his powers;

27) election (re-election) of Chairman of the Company's Board of Directors and the Vice-chairman;

28) forming a collegiate executive body (Management Board), determination of its term of office as well as early termination of authority of members of the Management Board;

29) agreement on combination by the person performing the functions of the individual executive body of the Company, members of the Management Board of the Company of the posts at the managing bodies of other organizations;

30) permitting the person acting as individual executive body of the Company to combine jobs holding a paid post at other organizations;

31) formation of standing or temporary (for resolving certain matters) committees of the Board of Directors, approval of Provisions thereon;

32) appointment and dismissal of the Company's Corporate Secretary, approval of the Provisions on the Corporate Secretary and the office of the Company's Corporate Secretary;

33) approval of the terms of contracts (additional agreements), concluded with the General Director, members of the Management Board, directors of branches and representative offices, head of the Company's separate division executing functions of internal control, Corporate Secretary; as well as consideration of matters, the resolutions on which shall be taken by the Board of Directors in accordance with the abovementioned contracts;

34) taking decisions on participation (joining as a participant, termination of participation, change in the participation share) of the Company in other organizations by buying, selling shares, shares of other organizations as well as by making additional contributions to the authorized capital of these organizations;

35) taking decisions on participation of the Company in non-profit organizations, except for the cases provided for under sub-paragraph 18, paragraph.12.2 of the present Charter, by joining as a participant, termination of participation, making additional contributions (installments) related to the Company's participation in non-profit organizations;

36) taking decisions on items of the agenda of the General Meetings of subsidiaries (supreme governing bodies of other organizations), of which the Company is the sole participant;

37) determination of the procedure of the Company's interaction with organizations in which the Company is a shareholder;

38) approval of the internal documents (document) regulating principles of information disclosure about the Company, procedures for using confidential information about the Company's operations and transactions»;

39) approval of the Corporate Governance Code of the Company, making amendments and additions into it;

40) approval of other internal documents of the Company, in addition to those provided for under paragraph 13.4 of the present Charter, regulating matters within the competence of the Board of Directors of the Company, except for internal documents, the approval of which is assigned by the Company's Charter to the competence of the General Shareholders meeting and executive bodies of the Company;

41) approval of the procedure for risk management in the Company»;

42) other matters provided for by the Federal Law "On Joint Stock Companies" and the present Charter.

Matters within the frame of reference of the Board of Directors of the Company shall not be delegated for resolution to the collegiate or individual executive body of the Company.

Terms of reference of the Management Board according to the Company's Charter:

- 1) *developing proposals on the main trends of the Company's activities including draft annual budgets, budgets for the medium- and long-term periods, Company's development strategies and programs, proposals on making changes to the aforementioned documents;*
- 2) *making decisions on matters being within the terms of reference of supreme governing bodies of the non-profit organizations where the Company is the sole founder (stockholder), except for the non-profit organizations which supreme governing body is formed without participation of the founder (participant);*
- 3) *developing the Company's social and personnel policy;*
- 4) *approving the internal document regulating general matters of motivation of labor, examining collective agreements and adopting resolutions on their conclusion;*
- 5) *preparing materials and draft resolutions on the matters to be considered by the Company's Board of Directors, except for the issues submitted for consideration in accordance with the legislation of the Russian Federation and the Company Charter with indication of the fixed time of their consideration by the Board of Directors making impossible their preliminary examination by the Company's Management Board, as well as when it is necessary to take an urgent decision on the matters presented for consideration to the Company's Board of Directors as agreed with the Board Chairman;*
- 6) *organizational and technical support of the activity of the Company bodies;*
- 7) *developing technical, economic, financial and tariff policy of the Company and its branches.*
- 8) *developing accounting policy, controlling the improvement of methodology of management and business accounting and introduction accounting statements on the activity of the Company and its branches in accordance with international accounting standards;*
- 9) *determining the methodology of planning, budgeting and controlling of the Company and its branches;*
- 10) *developing security policy of the Company and its branches;*
- 11) *determining the procedure for allotting assets to a branch and withdrawing the assets owned by a branch;*
- 12) *determining the quantitative structure of the branches' collegiate executive bodies, appointing their members, early termination of their powers, approving The Provisions on the collegiate executive body of a branch;*
- 13) *preliminary approval of the candidates to be appointed deputy directors, chief accountants of branches and representative offices as well as relieving the aforesaid persons of their positions;*
- 14) *approving terms of contracts (additional agreements), concluded with the members of the collegiate executive bodies of the branches, deputy directors, chief accountants of the branches and representative offices, as well as examining issues to be approved by the Management Board in accordance with the aforesaid contracts;*
- 15) *approving quarterly budgets of the branches, making changes to the indicated documents;*
- 16) *analysis of operation of structural divisions of the Company, detached units included, and development of mandatory guidelines for improvement of their operation;*
- 17) *approving internal document regulating matters referred to the competence of the Company's Management Board except for the documents subject to approval by the General Shareholders' Meeting and the Board of Directors of the Company.*

18) approval of organizational structure of the Company including its principal functions

The Management Board can also take decisions on other matters of the Company's current business by assignment of the Board of Directors or by presentation of the General Director of the Company.

Terms of reference of the General Director according to the Company's Charter:

- 1) making decisions on the matters not referred by the Charter to the competence of the Company's General Shareholders' Meeting, Board of Directors and Management Board,**
- 2) acting as the Chairman of the Company's Management Board,**
- 3) General Director acts on behalf of the Company without Power of Attorney representing the interests of the Company, concluding transactions on behalf of the Company, approving staff, issuing orders and giving instructions mandatory for all the Company's employees;**

Data on availability of the Issuer's internal document setting the rules of corporate conduct and ethics (Corporate Governance Code).

Corporate Governance Code of "UTK" PJSC

was approved by the Issuer's Board of Directors (Minutes № 44 of May 25, 2004) and amended and restated by UTK's Board of Directors on May 25, 2005 (Minutes № 36).

URL of Internet site for public access to full text of Corporate Conduct (governance) Code of the Issuer:

<http://www.stcompany.ru/>

Data on amendments introduced in the Issuer's Charter and other bylaws regulating activity of the Issuer's bodies in the last accounting period:

The Annual General Shareholders' Meeting of the Issuer held on June 30, 2005 approved the following amendments and additions to the Company's Charter (Minutes № 16 of June 30, 2005):

Item 12.12. of Article 12 shall be stated as follows: «12.12. Notice of the General Shareholders' Meeting shall be sent to each person specified in the list of persons entitled to participate in the General Shareholders' Meeting by a registered mail or delivered to him (her) personally, or published in the printed edition «Rossiyskaya Gazeta»;

subitem 16 of item 13.4 Article 13 shall be stated as follows:

«16) approval of the internal document determining internal control procedures over financial and business operations of the Company»;

subitem 36 of item. 13.4 Article 13 shall be stated as follows:

«36) making decisions on matters being within the terms of reference of general meetings of the commercial organizations where the Company is the sole stockholder entitled to vote at a General Shareholders' Meeting»;

subitem 38 of item. 13.4 Article 13 shall be stated as follows:

«38) approval of the internal documents (document) regulating principles of information disclosure about the Company, procedures for using confidential information about the Company's operations and transactions»;

subitem 41 shall be added to item. 13.4 of Article 13 of the Charter and shall read as follows:

«41) approval of the procedure for risk management in the Company»;

subitem 34 of item 13.4 Article 13 shall be stated as follows:

«34) making decisions on participation of the Company in other organizations (entry as a participant, termination of participation, change of the nominal value of a stockholding, change of the quantity of shares or nominal value of shares owned by the Company) by purchasing, selling or

other alienation of shares, stockholdings and-or portions of stockholding as well as by additional investments into authorized capitals of other organizations»;

subitem 2 of item 14.4 Article 14 shall be stated as follows:

«2) making decisions on matters being within the terms of reference of supreme governing bodies of the non-commercial organizations where the Company is the sole founder (stockholder), except for the non-commercial organizations which supreme governing body is formed without participation of the founder (participant)»;

subitem 5 of item 14.4 Article 14 shall be stated as follows: «5) Preparing materials and draft resolutions on the matters to be considered by the Company's Board of Directors, except for the issues submitted for consideration in accordance with the legislation of the Russian Federation and the Company Charter with indication of the fixed time of their consideration by the Board of Directors making impossible their preliminary examination by the Company's Management Board, as well as when it is necessary to take an urgent decision on the matters presented for consideration to the Company's Board of Directors as agreed with the Board Chairman».

The Annual General Shareholders' Meeting of the Issuer held on June 30, 2005 approved the following amendments and additions to the Company's Statute on the Board of Directors of "UTK" PJSC (Minutes № 16 of June 30, 2005):

Subitem 3.2.4 of item 3.2 Article 3 of Statute shall be stated as follows:

«3.2.4. To keep secret confidential information about the Company's operations known by him owing to execution of the functions of a member of the Board of Directors, access to which is restricted according to the legislation of the Russian Federation and internal documents of the Company»;

Subitem 3.2.11 of item 3.2 Article 3 of Statute shall be stated as follows:

«3.2.11. to notify the Board of Directors in writing of the fact of ownership of the Company's shares, the intention to enter into transactions with securities of the Company or its subsidiary and controlled companies as well as of previous transactions with such securities»;

Item 3.5 shall be added to Article 3 of the Statute as follows:

«The Company is entitled to demand proper discharge of his (her) duties by a members of the Board of Directors.

A member of the Board of Directors shall be liable to the Company for the default (improper discharge) of his duties and for the losses caused by his actions.

The Company has the right to sue a member of the Board of Directors for the damages caused by his culpable actions (inactions) »;

Paragraph 2 shall be added to item 6.2 Article 6 of the Statute as follows:

«Quarterly reports of the Company's Management Board to the Board of Directors should be included in the Plan of the Board of Directors' work»;

Paragraph 3 shall be added to item 6.2 Article 6 of the Statute as follows:

« In order to enhance the efficiency of the decisions taken by the Board of Directors and to strengthen the role of independent directors, at least 15% of the meetings of the Board of Directors should be held in the form of personal presence of directors.»

Paragraph 2 of item 6.5 Article 6 of the Statute shall be stated as follows:

«Notice of the Board of Directors' meeting shall be sent to each member of the Board of Directors together with all necessary materials not later than 14 business days prior to the date of the meeting».

The Annual General Shareholders' Meeting of the Issuer held on June 30, 2005 approved the following amendments and additions to the Company's Regulations on the procedure for conducting a General Shareholders' Meeting (Minutes № 16 of June 30, 2005):

Subitem 4.1 of item 4 Article 3 shall be stated as follows:

«4.1. Notice of the General Shareholders' Meeting shall be given not later than 30 days before its opening.

Should the proposed agenda of the Extraordinary General Shareholders' Meeting include the issue on election of the Company Board of Directors, notification of the Extraordinary General Shareholders' Meeting shall be made not later than 50 (fifty) days before the meeting.

Should an Extraordinary General Shareholders' Meeting be convened upon request of the Company's Auditing Commission, Auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares, notice of the Extraordinary General Shareholders' Meeting should be given not later than 20 days before its opening.

Notice of the General Shareholders' Meeting should be made in the form set forth by the current legislation of the Russian Federation and the Company's Charter, and in the order determined by the Company's Board of Directors.»

On June 28, 2005 the Issue's Board of Directors approved the new edition of the Regulations on the Personnel and Rewards Committee of the Board of Directors of "UTK" PJSC (Minutes № 39 of 28.06.2005) with the following amendments:

1) Numeration of items shall be corrected as follows:

items 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8 shall be considered items 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, respectively.

2) item 2.3.1 shall be stated as follows:

" Defining the criteria of selecting the candidatures of the members of the Board of Directors, General Director and members of the Management Board, and preliminary assessment of the said candidatures;

3) n. 2.3.6 shall be stated as follows:

" Making proposals on terms and conditions of employment contracts to be concluded with the members of the Board of Directors, General Director, the Management Board members, directors of the Company's branches and representative offices."

4) n. 2.3.7 shall be stated as follows:

"evaluating the activities of the General Director and members of the Management Board of the Company and preparing proposals for the Board of Directors on the possibility of their re-appointment.»

5) n. 3.2 shall be stated as follows:

" Only the members of the Company's Board of Directors meeting the requirements of the existing legislation to the members of the Audit Committee may be elected Audit Committee members."

6) item 3.4 shall be stated as follows:

“ The Committee shall be headed by a member of the Company's Board of Directors meeting the requirements of the existing legislation to the Chairman of the Audit Committee. The Chairman of the Board of Directors may not be appointed the Chairman of the Committee. The Chairman of the Committee may not be the Chairman of any other committee."

7) *item 4.1 shall be stated as follows:*

"The decision on the Committee's formation, its personal membership and election of the Committee's Chairman shall be taken by the Company's Board of Directors after the election of the new membership of the Board of Directors.

When taking the decision on the Committee's formation, the members of the Board of Directors shall be informed about the activities of the committees of the former Board of Directors.

The Committee shall remain in office from the moment of electing the new membership of the Board of Directors till taking decisions on formation of the Committees of the newly elected Board of Directors, if the Committee's membership meets the requirements of the given Provisions to its members. Otherwise, the Committee ceases to be effective from the moment of electing the new membership of the Board of Directors till the election of the new members of the Committee.

The Company's Board of Directors can make changes in the membership of the Committee at any time at the suggestion of any member of the Board of Directors."

8) *item 7.3 shall be deleted; items 7.4, 7.5 shall be considered items 7.3, 7.4, respectively.*

On June 28, 2005 the Issue's Board of Directors approved the new edition of the Regulations on the Audit Committee of the Board of Directors of "UTK" PJSC (Minutes № 39 of 28.06.2005) with the following amendments:

- 1) *subitem e) of item 2.2.1 shall be deleted*
- 2) *subitem d) shall be added to item 2.2.1 as follows:*

"Consideration and discussion, the Company's management, accounting and internal control departments being involved, with the auditor of the results of the audit, as well as all information and data contained in the audit report prior to their presentation for consideration to the Board of Directors. Estimation of the Auditor's report. Supervision over the management's response to the auditor's recommendations."

3) *item 3.2 shall be stated as follows:*

"Only the members of the Company's Board of Directors meeting the requirements of the existing legislation to the members of the Audit Committee may be elected Audit Committee members."

4) *item 3.4 shall be stated as follows:*

"The Committee shall be headed by a member of the Company's Board of Directors meeting the requirements of the existing legislation to the Chairman of the Audit Committee. The Chairman of the Board of Directors may not be appointed the Chairman of the Committee. The Chairman of the Committee may not be the Chairman of any other Board Committee."

5) *item 4.1 shall be stated as follows:*

"The decision on the Committee's formation, its personal membership and election of the Committee's Chairman shall be taken by the Company's Board of Directors after the election of the new membership of the Board of Directors.

When taking the decision on the Committee's formation, the members of the Board of Directors shall be informed about the activities of the committees of the former Board of Directors.

The Committee shall remain in office from the moment of electing the new membership of the Board of Directors till taking decisions on formation of the Committees of the newly elected Board of Directors, if the Committee's membership meets the requirements of the given Regulations to its members. Otherwise, the Committee ceases to be effective from the moment of electing the new membership of the Board of Directors till the election of the new members of the Committee.

The Company's Board of Directors can make changes in the membership of the Committee at any time at the suggestion of any member of the Board of Directors."

6) item 7.3 shall be deleted; items 7.4, 7.5 shall be considered items 7.3, 7.4, respectively.

Internet site on which one can familiarize oneself with the Company's Charter and bylaws:

<http://www.stcompany.ru>

5.2. Information on the Members of the Issuer's Governing Bodies

Personal membership of each of the Issuer's governing bodies specified in item 5.1 of the quarterly report (except for the participants of the General Shareholders' Meeting):

Members of the Board of Directors of the Issuer:

Kuznetsov Sergey Ivanovich (Chairman)

Year of birth: ***1953***

Education: ***higher education (All-Union Correspondence Polytechnic Institute)***

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2001	Closed Joint –Stock Company "PeterStar"	General Director
2001 - 2003	OJSC "Rostelecom"	General Director, Chairman of the Management Board
2001 - 2003	Non-governmental pension fund "Rostelecom-Garantiya"	Member of the Board of the Fund
2001 - 2003	OJSC "Svyazinvest"	Member of the Management Board
2001 - 2004	CJSC "Globalstar- Kosmicheskie telekommunikatsii"	Member of the Board of Directors
2001 - 2004	OJSC "RTComm.RU"	Member of the Board of Directors
2001 - 2004	CJSC "Telmos"	Member of the Board of Directors
2002 - 2003	CJSC "Interfax-Telecom"	Member of the Board of Directors
2002 - 2004	OJSC "Rostelecom"	Member of the Board of Directors
2003 - 2003	OJSC "RTC-Leasing"	Chairman of the Board of Directors
2003 - 2004	"North-Western Telecom" OJSC	General Director, Chairman of the Management Board
2003 - 2005	Inter-regional commercial bank of telecommunications and informatics development (OJSC)	Member of the Board of Directors
2004 - 2004	"North-Western Telecom" OJSC	Member of the Board of Directors
2004 - 2004	NP "CIPRT"	Member of the Board of the Partnership
2004 – till now	OJSC "Svyazinvest"	First Deputy General Director, Member of the Management Board
2004 - till now	OJSC "Telecominvest"	Member of the Board of Directors
2005 - till now	OJSC "Rostelecom"	Member of the Board of Directors
2005 - till now	"CentralTelecom" OJSC	Member of the Board of Directors
2005 - till now	"VolgaTelecom" OJSC	Member of the Board of Directors

Period	Company	Position held
2005 - till now	"UTK" PJSC	Chairman of the Board of Directors
2005 - till now	"Uralsvyazinform" OJSC	Chairman of the Board of Directors
2005 - till now	"Sibirtelecom" OJSC	Chairman of the Board of Directors
2005 - till now	"Dalsvyaz" OJSC	Chairman of the Board of Directors
2005 - till now	"Central Telegraph" OJSC	Chairman of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Belyaev Konstantin Vladimirovich

Year of birth: *1968*

Education: *higher education (All-Russia Correspondence Financial and Economic Institute)*

Posts held during the last 5 years:

Period	Company	Position held
2001 – 2005	"Svyazinvest" OJSC	Chief Accountant
2005 – till now	"Svyazinvest" OJSC	Deputy General Director, Member of the Management Board
2005 – till now	"North-Western Telecom" OJSC	Member of the Board of Directors
2005 – till now	"VolgaTelecom" OJSC	Chairman of the Board of Directors
2005 – till now	Inter-regional commercial bank of telecommunications and informatics development (OJSC)	Member of the Board of Directors
2005 – till now	OJSC "Rostelecom"	Member of the Management Board
2005 – till now	"UTK" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Mikhail Borisovich Vasilyev

Date of birth: 1954

Education: higher education (Leningrad State University)

Posts held during the last 5 years:

Period	Company	Position held
1999 - till present time	Representative office of the company "NCH Advisors, Inc" in Saint Petersburg	Director
2001-2002	"Electrosvyaz" OJSC of the Vologda Region	Member of the Board of Directors
2001 - 2004	"Abrasive Plant" Ilyich" OJSC	Member of the Board of Directors
2001 - 2005	"Bolshoy Gostiniy Dvor" OJSC	Member of the Board of Directors
2002 - till present time	"Arkhenargo" OJSC	Member of the Board of Directors
2004 - till present time	OJSC "Vladimir Energy Supply Company"	Member of the Board of Directors
2004 - till present time	OJSC "Kirovenergosbyt"	Member of the Board of Directors
2000 - 2002	"Electrosvyaz" OJSC of the Kostroma Region	Member of the Board of Directors
2000 - 2003	OJSC "Raditshev Tannery"	Member of the Board of Directors
2000 - 2002	"Electrosvyaz" OJSC of the Ryazan Region	Member of the Board of Directors
2004 - till present time	OJSC "Penza Energy Supply Company"	Member of the Board of Directors
2004 - till present time	OJSC "Smolenskaya GRES"	Member of the Board of Directors
2005 - till present time	OJSC "Arkhangelsk generating company"	Member of the Board of Directors
2005 - till present time	OJSC "Kirovenergo"	Member of the Board of Directors
2000 - 2002	OJSC "Saratovelectrosvyaz"	Member of the Board of Directors
2000 – 2002	OJSC "Tambovskaya electrosvyaz"	Member of the Board of Directors
2002 - till present time	"Electroapparat" OJSC	Member of the Board of Directors
2005 – 2005	OJSC "TGK-5"	Member of the Board of Directors
2001 - 2002	OJSC "Telekommunikatsionnie seti svyazi"	Member of the Board of Directors
2000 – 2002	OJSC "Yarenergo"	Member of the Board of Directors
2003 - till present time	"Southern Telecommunications Company" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Veremianina Valentina Fyodorovna

Year of birth: **1966**

Education: **higher education (Voronezh State University)**

Posts held during the last 5 years:

Period	Company	Position held
2000 – 2003	Bank "MENATEP Saint Petersburg"	Legal expert of the branch in the city of Voronezh
2003 – 2004	OJSC "RTC-Leasing"	Deputy head of the section, Head of the section of the Legal Department
2004 – till now	"Svyazinvest" OJSC	Head of the section, Deputy Director of the Legal Department
2005 – 2005	OJSC "Svyazintek"	Chairman of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Gavrilenko Anatoliy Anatolievich

Year of birth: **1972**

Education: **higher education (Lomonosov Moscow State University)**

Posts held during the last 5 years:

Period	Company	Position held
2004 – till now	CJSC "Leader"	General Director, member of the Board of Directors

Period	Company	Position held
2004 – till now	OJSC "Ulyanovsk motor-car factory"	member of the Board of Directors
2004 – till now	OJSC "United Engineering Plants"	member of the Board of Directors
2005 – till now	OJSC "Belvnesheconombank"	member of the Board of Directors
2005 – till now	OJSC "Moscow Heat Supply Company"	member of the Board of Directors
2005 – till now	OJSC "Moscow City Electrical Supply Networks"	member of the Board of Directors
2005 – till now	OJSC "Moscow Regional Electrical Supply Networks "	member of the Board of Directors
2005 – till now	OJSC "Management energy company"	member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Zabuzova Elena Viktorovna

Year of birth: **1950**

Education: **higher education (Moscow Energy Institute)**

Positions held during the last 5 years:

Period	Company	Position held
2002 - 2002	OJSC "Smolensksvyazinform"	member of the Board of Directors
2002 - 2003	"UTK" PJSC	member of the Board of Directors
2002 - 2002	OJSC "Electrosvyaz" of the Rostov Region	member of the Board of Directors
2003 - 2004	"VolgaTelecom" OJSC	member of the Board of Directors
2003 – till now	"Sibirtelecom" OJSC	member of the Board of Directors
2004 - 2005	OJSC "MGTS"	member of the Board of Directors
2004 - 2005	CJSC "RusLeasingSvyaz"	member of the Board of Directors
2005 – till now	"North-Western Telecom" OJSC	Chairman of the Auditing Commission
2005 – till now	"Uralsvyazinform" OJSC	Member of the Auditing Commission
2005 – till now	CJSC "RusLeasingSvyaz"	Chairman of the Board of Directors
2005 – till now	"Sibirtelecom" OJSC	member of the Board of Directors
2005 – till now	"CenterTelecom" OJSC	Member of the Management Board

Period	Company	Position held
2005 – till now	"UTK" PJSC	member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Denis Viktorovich Kulikov

Date of birth: **1975**

Education: **higher education (Moscow State Legal Academy)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2000	SPO "NAUFOR"	Specialist of the Department on Investor Protection
2000 - 2002	CJSC "IAUC "NAUFOR"	Expert of the Consulting Center
2002 - 2005	"Bryanskenergo" OJSC	Member of the Board of Directors
2003 - 2003	"Kalugaenergo" OJSC	Member of the Board of Directors
2001 - till present time	Investor Protection Association	expert
2002 - till present time	"Cherepetskaya GRES" OJSC	Member of the Board of Directors
2002 - 2004	"Ryazanenergo" OJSC	Member of the Board of Directors
2003 - till present time	"Pechorskaya GRES" OJSC	Member of the Board of Directors
2003 - 2004	"Kurskenergo" OJSC	Member of the Board of Directors
2003 - till present time	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2005 – till now	"Volgatelecom" OJSC	Member of the Board of Directors
2005 – till now	OJSC «Vladimir Energy Company»	Member of the Board of Directors
2005 – till now	OJSC «Penza Generating Company»	Member of the Board of Directors
2005 – till now	"VolgaTelecom" OJSC	Member of the Board of

Period	Company	Position held
		Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Stanislav Nikolaevich Panchenko

Date of birth: **1945**

Education: **higher education (Chelyabinsk Polytechnical Institute)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2000	"Saint Petersburg Telegraph" OJSC	Member of the Board of Directors
1999 - 2000	"Saint Petersburg MMT" OJSC	Member of the Supervisory Board
1999 - 2000	"Moscow MMT" OJSC	Member of the Board of Directors
1999 - 2001	"PTS" OJSC	Member of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Member of the Board of Directors
2002 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Chairman of the Board of Directors
2001 - 2002	"Lipetskelectrosvyaz" OJSC	Chairman of the Board of Directors
2001 - 2002	"Nizhegorodsvyazinform" OJSC	Member of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Stavropol Territory	Chairman of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Rostov Region	Member of the Board of Directors
2002 - 2002	"Voronezhsvyazinform" OJSC	Chairman of the Board of Directors
1999 - till present time	"Svyazinvest" OJSC	Member of the Management Board, Deputy General Director

Period	Company	Position held
1999 – 2005	“Rostelecom” OJSC	Member of the Board of Directors
1999 – 2005	“Lensvyaz” OJSC	Chairman of the Board of Directors
2001 – till present time	“Dagsvyazinform” OJSC	Chairman of the Board of Directors
2003 – till present time	“Southern Telecommunications Company” PJSC	Member of the Board of Directors
2005 – till present time	“Central Telegraph” OJSC	Member of the Board of Directors
2004 – 2005	“Uralsvyazinform” OJSC	Member of the Board of Directors
2004 – 2005	“North-Western Telecom” OJSC	Member of the Board of Directors

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: *none*

Georgy Alexeevich Romsky

Year of birth: *1956*

Education: *higher education (The St. Petersburg Bonch-Bruyevich State University of Telecommunications, the St. Petersburg International Management Institute)*

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	“Uraltelecom” OJSC of Sverdlovsk region	Member of the Board of Directors
2001 - 2002	“MGTS” OJSC	Member of the Board of Directors
2001 - 2002	“Central Telegraph” PJSC	Member of the Board of Directors
2001 - 2003	“Electrosvyaz” OJSC, Kaliningrad Region	Member of the Board of Directors
2002 - 2003	“SibirTelecom” OJSC	Chairman of the Board of Directors

Period	Company	Position held
2002 - 2003	"MobiTel" CJSC	Member of the Board of Directors
2000 - 2005	"Svyazinvest" OJSC	Deputy General Director , member of the Management Board
2001 - 2005	"Giprosvyaz" OJSC	Chairman of the Board of Directors
2002 - 2005	"Globus-Telecom" CJSC	Member of the Board of Directors
2003 – 2005	"VolgaTelecom " OJSC	Member of the Board of Directors
2003 – 2005	"SibirTelecom " OJSC	Member of the Board of Directors
2003 – 2005	"MobiTel" CJSC	Chairman of the Board of Directors
2004 – 2005	"Rostelecom" OJSC	Member of the Management Board
2001-2005	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2005-till now	"Southern Telecommunications Company" PJSC	Director General, Vice-chairman of the Board of Directors, Chairman of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Chechelnitsky Eugheny Aleksandrovich

Year of birth: **1973**

Education: **higher education (The St. Petersburg State University of Economics and Finance, Ph.D. in Economics - the St. Petersburg State Academy of economics and engineering)**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2004	Ministry for Communications and Informatization of the Russian Federation	Deputy Director of the Department for Economics and Investment Policy

Period	Company	Position held
2004 – till present time	Rossvyaznadzor	Deputy Director of the Federal Communications Supervision Service
2005 – till present time	OJSC "Central Telegraph"	Member of the Board of Directors
2005 – till present time	OJSC "Giprosvyaz"	Member of the Board of Directors
2005 – till present time	"Uralsvyazinform" OJSC	Member of the Board of Directors
2005 – till present time	"Dalsvyaz" OJSC	Member of the Board of Directors
2005 – till present time	"Rostelecom" OJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Yuriev Vladimir Pavlovich

Year of birth: **1946**

Education: **higher education (Kharkov Lenin Polytechnical Institute)**

Posts held during the last 5 years::

Period	Company	Position held
2000 – 2004	Ministry for Communications and Informatization of the Russian Federation	Deputy Director of the Department for Economic Policy
2000 – till present time	OJSC "Chukotkasvyazinform"	Member of the Board of Directors
2004 – till present time	Federal Communications Agency	Head of the Department for economics, finance and state property

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

5.2.2. Person acting as the Issuer's individual executive organ:

Georgy Alexeevich Romsky

Year of birth: **1956**

Education: **higher education (The St. Petersburg Bonch-Bruyevich State University of Telecommunications, the St. Petersburg International Management Institute)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	"Uraltelecom" OJSC of Sverdlovsk region	Member of the Board of Directors
2001 - 2002	"MGTS" OJSC	Member of the Board of Directors
2001 - 2002	"Central Telegraph" PJSC	Member of the Board of Directors
2001 - 2003	"Electrosvyaz" OJSC, Kaliningrad Region	Member of the Board of Directors
2002 - 2003	"SibirTelecom" OJSC	Chairman of the Board of Directors
2002 - 2003	"MobiTel" CJSC	Member of the Board of Directors
2000 - 2005	"Svyazinvest" OJSC	Deputy General Director, member of the Management Board
2001 - 2005	"Giprosvyaz" OJSC	Chairman of the Board of Directors
2002 - 2005	"Globus-Telecom" CJSC	Member of the Board of Directors
2003 - 2005	"VolgaTelecom" O-JSC	Member of the Board of Directors
2003 - 2005	"SibirTelecom" OJSC	Member of the Board of Directors
2003 - 2005	"MobiTel" CJSC	Chairman of the Board of Directors
2004 - 2005	"Rostelecom" OJSC	Member of the Management Board
2001-2005	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2005-till now	"Southern Telecommunications Company" PJSC	Director General, Vice-chairman of the Board of Directors, Chairman of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

5.2.3. Structure of the Issuer's collegiate executive body (Management Board)

a) Structure of the Issuer's collegiate executive body (Management Board)
(term of office expired on June 30, 2005)

Georgy Alexeevich Romsky (Chairman)

Year of birth: **1956**

Education: **higher education (The St. Petersburg Bonch-Bruyevich State University of Telecommunications, the St. Petersburg International Management Institute)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	"Uraltelecom" OJSC of Sverdlovsk region	Member of the Board of Directors
2001 - 2002	"MGTS" OJSC	Member of the Board of Directors
2001 - 2002	"Central Telegraph" PJSC	Member of the Board of Directors
2001 - 2003	"Electrosvyaz" OJSC, Kaliningrad Region	Member of the Board of Directors
2002 - 2003	"SibirTelecom" OJSC	Chairman of the Board of Directors
2002 - 2003	"MobiTel" CJSC	Member of the Board of Directors
2000 - 2005	"Svyazinvest" OJSC	Deputy General Director, member of the Management Board
2001 - 2005	"Giprosvyaz" OJSC	Chairman of the Board of Directors
2002 - 2005	"Globus-Telecom" CJSC	Member of the Board of Directors
2003 - 2005	"VolgaTelecom" O-JSC	Member of the Board of Directors
2003 - 2005	"SibirTelecom" OJSC	Member of the Board of Directors
2003 - 2005	"MobiTel" CJSC	Chairman of the Board of Directors
2004 - 2005	"Rostelecom" OJSC	Member of the Management Board
2001-2005	"Southern Telecommunications Company" PJSC	Member of the Board of Directors

Period	Company	Position held
2005-till now	"Southern Telecommunications Company" PJSC	Director General, Vice-chairman of the Board of Directors, Chairman of the Management Board

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Alexander Valentinovich Apalko

Date of birth: 1947

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2001	"Kubanelectrosvyaz" OJSC	Member of the Board of Directors
1999 - 2001	"Kubanelectrosvyaz" OJSC	Deputy General Director – Director of the branch "Sochielectrosvyaz"
1999 - 2002	"Kuban-GSM" CJSC	Member of the Board of Directors
2001 - 2002	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2001 - 2002	"Southern Telecommunications Company" PJSC	"UTK" PJSC Deputy General Director – Director of the branch "Sochielectrosvyaz"
2002 - till now	"Kubanelectrosvyaz" – branch of "Southern Telecommunications Company" PJSC	"UTK" PJSC Deputy General Director – Head of the branch "Sochielectrosvyaz"
2002 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: 0.0195%

Share of the Issuer's common stock: 0.0225%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Lyudmila Ivanovna Devyatkina

Date of birth: 1955

Education: **higher education (Moscow Electrotechnical Communications Institute)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"Electrosvyaz" OJSC Pskov Region	Chairman of the Board of Directors
2000 - 2001	"Central Telegraph" OJSC	Member of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC Vladimir region	Member of the Board of Directors
1999 - till now	"Svyazinvest" OJSC	Deputy Director-Head of the Logistics Section of the Capital investments Department
2003 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Ivan Fyodorovich Ignatenko

Date of birth: 1945

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
2000 – 2005	"TeleRoss-Kubanelectrosvyaz" CJSC	Member of the Board of Directors

Period	Company	Position held
2001 – 2003	Krasnodar City Telecommunication Center, branch of "Southern Telecommunications Company" PJSC	Deputy General Director – Director of KGUES
2001 – 2003	"Kuban-GSM" CJSC	Member of the Board of Directors
2001-2003	"UTK" PJSC	Member of the Management Board
2003 - 2003	"Kubanelectrosvyaz" – branch of "Southern Telecommunications Company" PJSC	"UTK" PJSC Deputy General Director – Director of the branch
1999 – till now	"Kubintersvyaz" CJSC	Member of the Board of Directors
2003 - 2005	"Southern Telecommunications Company" PJSC	Chairman of the Management Board, member of the Board of Directors, General Director
2005 – 2005	"Southern Telecommunications Company" PJSC	member of the Management Board, member of the Board of Directors, Deputy General Director

Share in the Issuer's authorized capital: 0.0346%

Share of the Issuer's common stock: 0.0399%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Beshtau Kanamatovich Kozhiev

Date of birth: 1937

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"Sevosetinelectrosvyaz" OJSC	Chairman of the Management Board
1999 - 2002	"Sevosetinelectrosvyaz" OJSC	Member of the Board of Directors
1999 - 2002	"Sevosetinelectrosvyaz" OJSC	General Director
2002 - 2003	"Telesot" CJSC	Chairman of the Board of

Period	Company	Position held
		Directors
2002 - 2003	"InvestStart" CJSC	Chairman of the Board of Directors
2002 - till now	"Sevosetinelectrosvyaz" – branch of "Southern Telecommunications Company" PJSC	"UTK" PJSC Deputy General Director – Director of the branch
2003 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board
2003 - 2004	"Telesot" CJSC	Member of the Board of Directors
2003 - till now	"InvestStart" CJSC	Member of the Board of Directors
2004 –2005	CJSC "Telekompania IR"	Member of the Board of Directors

Share in the Issuer's authorized capital: 0.22215%

Share of the Issuer's common stock: 0.2731%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Svetlana Vasilyevna Korotenko

Date of birth: 1962

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	Tikhoretsk joint communications center – branch of "UTK" PJSC	Director
2002 - 2004	"Southern Telecommunications Company" PJSC	Deputy General Director
2003 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board
2004 – till now	"Kubanelectrosvyaz" – branch of "UTK" PJSC	Deputy General Director of "UTK" PJSC – Director of the branch

Share in the Issuer's authorized capital: 0.0159%

Share of the Issuer's common stock: 0.0189%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Victor Alexandrovich KruzHKov

Date of birth: 1952

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"AvtocenterYug" CJSC	Member of the Board of Directors
1999 - 2002	"Armavir communication facilities plant" CJSC	Chairman of the Board of Directors
2001 - 2002	"Health-care center "Orbita" OJSC	Member of the Board of Directors
2001 - 2002	"Center of material and technical maintenance" CJSC	Chairman of the Board of Directors
2001 - 2002	"Yugsvyazstroy" CJSC	Chairman of the Board of Directors
2001 - 2002	"Svyazinform" of the Astrakhan Region" OJSC	Member of the Board of Directors
2002 - 2002	"Electrosvyaz of Adygeia Republic" OJSC	Member of the Board of Directors
1999 - 2005	"Kubintersvyaz" CJSC	Chairman of the Board of Directors
2001 - 2004	"Southern Telecommunications Company" PJSC	Deputy General Director
2001 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: 0.0844%

Share of the Issuer's common stock: 0.1%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Litvinov Andrey Alexandrovich

Year of birth: **1973**

Education: **higher education (Rostov State University)**

Posts held during the last 5 years:

Period	Company	Position held
2002 - 2002	"Kabardino-Balkarskie telekommunikatsii" OJSC	Member of the Board of Directors
2002 - 2002	"Svyazinform» of the Astrakhan Region" OJSC	Member of the Board of Directors
2001 - till now	"Southern Telecommunications Company" PJSC	Deputy General Director
2001 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Antonida Mikhailovna Malova

Date of birth: **1954**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2001	"Electrosvyaz" of Stavropol Territory" OJSC	Financial Director
2001 – 2002	"Electrosvyaz" of Stavropol Territory" OJSC	First Deputy General Director for Economics and Finances
2001 – 2002	"Stavtelesot" CJSC	Member of the Board of Directors
2002 – 2003	"Southern Telecommunications Company" PJSC	First Deputy Director of the branch "Electrosvyaz" of Stavropol Territory
2003 - 2005	"Southern Telecommunications Company" PJSC	Deputy General Director

Period	Company	Position held
2003 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: 0.0005%

Share of the Issuer's common stock: 0.00012%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Poyarkov Yevgeni Nikolaevich

Year of birth: 1943

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Member of the Board of Directors
2001 - 2002	"KabBalktelecom" OJSC	Member of the Board of Directors
2001 - 2002	"Sevosetinelectrosvyaz" OJSC	Member of the Board of Directors
1999 - 2005	"Svyazinvest" OJSC	Deputy Director of Security Department
2005 – till now	"Svyazinvest" OJSC	Director of Security Department
2001 - till now	"Dagsvyazinform" PJSC	Member of the Board of Directors
2003 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Alexey Petrovich Prachkin

Date of birth: 1949

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"Svyazinform" OJSC, Astrakhan Region	Member of the Board of Directors, Chairman of the Management Board, General Director
1999 - 2003	"Astrakhan-Mobile" CJSC	Chairman of the Board of Directors
2002 - till now	"Svyazinform" Astrakhan Region" – branch of "UTK" PJSC	"UTK" PJSC Deputy General Director – Director of the branch
2003 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: 0.1319%

Share of the Issuer's common stock: 0.1350%

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: none

Share in the Issuer's branch establishments/subordinate companies: none

Share of the common stock of the Issuer's branch establishments/subordinate companies: none

Amount of the shares of each category (type) of the Issuer's branch establishments/subordinate companies that can be acquired by such person in accordance with his rights on the branch establishments/subordinate companies' options owned by him: none

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: none

Roitblat Alexander Markovich

Year of birth: 1947

Education: **higher education (Odessa Electrotechnical Communications Institute)**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2002	"Electrosvyaz" OJSC, Stavropol Territory	General Director, Chairman of the Management Board, member of the Board of Directors
2001 - 2005	"StavTeleSot" CJSC	Member of the Board of Directors
2003 - till now	"Southern Telecommunications	Member of the Management

Period	Company	Position held
	Company" PJSC	Board
2002 - till now	"Electrosvyaz" Stavropol Territory" – branch of "UTK" PJSC	"UTK" PJSC Deputy General Director – Director of the branch

Share in the Issuer's authorized capital: **0.01533%**

Share of the Issuer's common stock: **0.0152%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Rusinova Tatyana Viktorovna

Year of birth: **1958**

Education: **higher education (Moscow International Institute of Economics and Law, Rostov State Economic University)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2003	"Murmanskelectrosvyaz" OJSC	Chief Accountant
2003 - till now	"Southern Telecommunications Company" PJSC	Chief Accountant, Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Statuev Vladislav Andreevich

Year of birth: **1956**

Education: **higher education (Dzerzhinsky Higher Naval Engineering School in Leningrad (now St. Petersburg))**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	"Southern Telecommunications Company" PJSC	Head of Security Service
2001 - till now	"Southern Telecommunications Company" PJSC	Deputy General Director
2002 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Svetlana Gennadievna Fefilova

Date of birth: 1970

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Artelecom" OJSC	Chief accountant
2002 - 2002	"Southern Telecommunications Company" PJSC	Chief accountant
2002 - 2003	"Southern Telecommunications Company" PJSC	Deputy General Director - Chief accountant
2002 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board
2003 - till now	"Southern Telecommunications Company" PJSC	Deputy General Director

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Martynenko Nikolay Vladimirovich

Year of birth: **1971**

Education: **higher education (Moscow Technical University of Communication and Informatics)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Southern Telecommunications Company" PJSC	Head of Telecommunications Service
2003 - 2004	"Southern Telecommunications Company" PJSC	Director of Telecommunications Department
2004 - till now	"Rostelegraph" CJSC	Member of the Board of Directors
2004 – 2004	"CMTO" CJSC	Chairman of the Board of Directors
2004 - till now	"Stavtelecom named after V.I. Kuzminov" OJSC	Member of the Board of Directors
2004 - 2004	"SSS" CJSC	Member of the Board of Directors
2004 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board
2004 - 2005	"Southern Telecommunications Company" PJSC	Deputy Director General
2005 - 2005	"Southern Telecommunications Company" PJSC	Acting Director General
2004 – till now	"Startcom" CJSC	Member of the Board of Directors
2004 – till now	"Southern Telecommunications Company" PJSC	Member of the Management Board
2005 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Technical Director

Share in the Issuer's authorized capital: **0.00015%**

Share of the Issuer's common stock: **0.00011%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Amdulkhamid Kistuevich Shukhostanov

Date of birth: 1946

Education: higher education

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"KabBalktelecom" OJSC	Chairman of the Management Board, Member of the Board of Directors, General Director
1999 - till now	"Kabardino-Balkarskiy GSM" CJSC	Member of the Board of Directors
1999 - 2005	"Nalchikskaya sotovaya set" CJSC	Member of the Board of Directors
2003 - 2005	"Southern Telecommunications Company" PJSC	Member of the Management Board
2002 - till now	"KabBalktelecom" – branch of "UTK" PJSC	"UTK" PJSC Deputy General Director – Director of the branch

Share in the Issuer's authorized capital: **0.0000004%**

Share of the Issuer's common stock: **0.0000005%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Lyakh Dmitri Georgievich

Year of birth: **1978**

Education: **higher education (Kuban State University)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"RC" Audit Alyans" Ltd	Legal adviser
2002 - 2003	"Southern Telecommunications Company" PJSC	Legal adviser of Legal Section
2003 - 2003	"Southern Telecommunications Company" PJSC	Head of Legal Section
2003 – till now	"Southern Telecommunications Company" PJSC	Director of Legal Department, member of the Management Board
2004- till now	OJSC "OK "Orbita"	Member of the Board of Directors
2004- 2005	CJSC "CMTO"	Member of the Board of Directors

Period	Company	Position held
2004- till now	CJSC "SSS"	Member of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

b) Structure of the Issuer's collegiate executive body (Management Board)
(*elected on July 22, 2005, Minutes of the Board of Directors № 2 of July 22, 2005*)

Georgy Alexeevich Romsky (Chairman)

Year of birth: *1956*

Education: *higher education (The St. Petersburg Bonch-Bruyevich State University of Telecommunications, the St. Petersburg International Management Institute)*

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	"Uraltelecom" OJSC of Sverdlovsk region	Member of the Board of Directors
2001 - 2002	"MGTS" OJSC	Member of the Board of Directors
2001 - 2002	"Central Telegraph" PJSC	Member of the Board of Directors
2001 - 2003	"Electrosvyaz" OJSC, Kaliningrad Region	Member of the Board of Directors
2002 - 2003	"SibirTelecom" OJSC	Chairman of the Board of Directors
2002 - 2003	"MobiTel" CJSC	Member of the Board of Directors
2000 - 2005	"Svyazinvest" OJSC	Deputy General Director, member of the Management Board
2001 - 2005	"Giprosvyaz" OJSC	Chairman of the Board of Directors
2002 - 2005	"Globus-Telecom" CJSC	Member of the Board of Directors
2003 - 2005	"VolgaTelecom" O-JSC	Member of the Board of

Period	Company	Position held
		Directors
2003 – 2005	“SibirTelecom” OJSC	Member of the Board of Directors
2003 – 2005	“MobiTel” CJSC	Chairman of the Board of Directors
2004 – 2005	“Rostelecom” OJSC	Member of the Management Board
2001-2005	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2005-till now	"Southern Telecommunications Company" PJSC	Director General, Vice-chairman of the Board of Directors, Chairman of the Management Board

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: *none*

Devyatkina Lyudmila Ivanovna

Date of birth: *1955*

Education: *higher education (Moscow Electrotechnical Communications Institute)*

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	“Electrosvyaz” OJSC Pskov Region	Chairman of the Board of Directors
2000 - 2001	"Central Telegraph" OJSC	Member of the Board of Directors
2001 - 2002	“Electrosvyaz” OJSC Vladimir region	Member of the Board of Directors
1999 - till now	“Svyazinvest” OJSC	Deputy Director-Head of the Logistics Section of the Capital investments Department
2003 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Litvinov Andrey Alexandrovich

Year of birth: **1973**

Education: **higher education (Rostov State University)**

Posts held during the last 5 years:

Period	Company	Position held
2002 - 2002	"Kabardino-Balkarskie telekommunikatsii" OJSC	Member of the Board of Directors
2002 - 2002	"Svyazinform" of the Astrakhan Region" OJSC	Member of the Board of Directors
2001 - till now	"Southern Telecommunications Company" PJSC	Deputy General Director
2001 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Lyakh Dmitri Georgievich

Year of birth: **1978**

Education: **higher education (Kuban State University)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"RC" Audit Alyans" Ltd	Legal adviser
2002 - 2003	"Southern Telecommunications Company" PJSC	Legal adviser of Legal Section
2003 - 2003	"Southern Telecommunications	Head of Legal Section

Period	Company	Position held
	Company" PJSC	
2003 – till now	"Southern Telecommunications Company" PJSC	Director of Legal Department, member of the Management Board
2004- till now	OJSC "OK "Orbita"	Member of the Board of Directors
2004- 2005	CJSC "CMTO"	Member of the Board of Directors
2004- till now	CJSC "SSS"	Member of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Martynenko Nikolay Vladimirovich

Year of birth: *1971*

Education: *higher education (Moscow Technical University of Communication and Informatics)*

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Southern Telecommunications Company" PJSC	Head of Telecommunications Service
2003 - 2004	"Southern Telecommunications Company" PJSC	Director of Telecommunications Department
2004 - till now	"Rostelegraph" CJSC	Member of the Board of Directors
2004 – 2004	"CMTO" CJSC	Chairman of the Board of Directors
2004 - till now	"Stavtelecom named after V.I. Kuzminov" OJSC	Member of the Board of Directors
2004 - 2004	"SSS" CJSC	Member of the Board of Directors
2004 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board
2004 - 2005	"Southern Telecommunications Company" PJSC	Deputy Director General
2005 - 2005	"Southern Telecommunications	Acting Director General

Period	Company	Position held
	Company" PJSC	
2004 – till now	"Startcom" CJSC	Member of the Board of Directors
2004 – till now	"Southern Telecommunications Company" PJSC	Member of the Management Board
2005 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Technical Director

Share in the Issuer's authorized capital: **0.00015%**

Share of the Issuer's common stock: **0.00011%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Statuev Vladislav Andreevich

Year of birth: **1956**

Education: **higher education (Dzerzhinsky Higher Naval Engineering School in Leningrad (now St. Petersburg)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2001	"Southern Telecommunications Company" PJSC	Head of Security Service
2001 - till now	"Southern Telecommunications Company" PJSC	Deputy General Director
2002 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Poyarkov Yevgeni Nikolaevich

Year of birth: **1943**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Member of the Board of Directors
2001 - 2002	"KabBalktelecom" OJSC	Member of the Board of Directors
2001 - 2002	"Sevosetinelectrosvyaz" OJSC	Member of the Board of Directors
1999 - 2005	"Svyazinvest" OJSC	Deputy Director of Security Department
2005 – till now	"Svyazinvest" OJSC	Director of Security Department
2001 - till now	"Dagsvyazinform" PJSC	Member of the Board of Directors
2003 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Roitblat Alexander Markovich

Year of birth: **1947**

Education: **higher education (Odessa Electrotechnical Communications Institute)**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2002	"Electrosvyaz" OJSC, Stavropol Territory	General Director, Chairman of the Management Board, member of the Board of Directors
2001 - 2005	"StavTeleSot" CJSC	Member of the Board of Directors

Period	Company	Position held
2003 - till now	"Southern Telecommunications Company" PJSC	Member of the Management Board
2002 - till now	"Electrosvyaz" Stavropol Territory" – branch of "UTK" PJSC	"UTK" PJSC Deputy General Director – Director of the branch

Share in the Issuer's authorized capital: **0.01533%**

Share of the Issuer's common stock: **0.0152%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Rusinova Tatyana Viktorovna

Year of birth: **1958**

Education: **higher education (Moscow International Institute of Economics and Law, Rostov State Economic University)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2003	"Murmanskelectrosvyaz" OJSC	Chief Accountant
2003 - till now	"Southern Telecommunications Company" PJSC	Chief Accountant, Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Moskalev Valery Anatolievich

Year of birth: **1962**

Education: **higher education (Leningrad Electrotechnical Communications Institute, Management Institute of Saint Petersburg)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2005	CJSC "Globus-Telecom"	Technical Director, Vice-President for Information Technologies and Maintenance
2005 – till now	CJSC "TeleRoss-Kubanelectrosvyaz"	Chairman of the Board of Directors
2005 - till now	"Svyazintek" OJSC	Member of the Board of Directors
2005 - till now	"Southern Telecommunications Company" PJSC	First Deputy Director General, member of the Management Board

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Kondrakov Denis Yurievich

Year of birth: **1977**

Education: **higher education (Northern-Caucasian State University)**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	"Electrosvyaz" of Stavropol Territory" OJSC	Economist of the financial department for direct investments and relations with shareholders
2002 - 2003	"Electrosvyaz" of Stavropol Territory" OJSC	Head of the Budget Section
2003 - 2004	"Southern Telecommunications Company" PJSC	Deputy Director of the Department for Economic Policy
2004 - 2005	"Southern Telecommunications Company" PJSC	Acting Deputy General Director
2005 - till now	"Southern Telecommunications Company" PJSC	Deputy Director General, member of the Management Board

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in

accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Krasulya Lyudmila Nikolaevna

Year of birth: **1956**

Education: **higher education (Kuban Agricultural Institute)**

Posts held during the last 5 years:

Period	Company	Position held
1997 - 2002	"Electrosvyaz" of Stavropol Territory" OJSC	Head of Personnel Department
2002 - 2005	"Southern Telecommunications Company" PJSC	Head of Personnel Department of UTK's branch – "Electrosvyaz" of Stavropol Territory"
2005 - till now	"Southern Telecommunications Company" PJSC	Deputy Director General, member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Prokofieva Irina Viktorovna

Year of birth: **1968**

Education: **higher education (Saint Petersburg Technical University)**

Posts held during the last 5 years:

Period	Company	Position held
2001-2003	"Svyazinvest" OJSC	Deputy Director - Head of the Unit of Internal Audit of the Department of Internal Audit and Economic Analysis
2003- 2004	"Lensvyaz" OJSC	Member of the Auditing Commission

Period	Company	Position held
2003- 2004	“Volgograd-GSM” CJSC	Member of the Auditing Commission
2003- 2004	“Armavirskiy zavod svyazi” CJSC	Member of the Auditing Commission
2003- 2004	“CMTO” CJSC	Member of the Auditing Commission
2003- 2004	“Yugsvyazstroy” CJSC	Member of the Auditing Commission
2003- 2004	“Teleross-“Kubanelectrosvyaz” CJSC	Member of the Auditing Commission
2003- 2004	“Stake GSM” CJSC	Member of the Auditing Commission
2003- 2004	“Orenburg-GSM” CJSC	Member of the Auditing Commission
2003- 2004	“Primtelefon” CJSC	Member of the Auditing Commission
2003- 2004	“Giprosvyaz” OJSC	Member of the Auditing Commission
2003- 2004	“Yuzhno-Uralskiy sotoviy telefon” Ltd.	Member of the Auditing Commission
2003- 2004	“Vestelcom” CJSC	Member of the Auditing Commission
2002- 2005	"Southern Telecommunications Company" PJSC	Chairman of the Auditing Commission
2003 - 2005	“Svyazinvest” OJSC	Director of the Internal Audit Department
2005 – till now	"UTK" PJSC	Deputy Director General
2003- 2005	“Yermak RMS" CJSC	Member of the Board of Directors
2003- 2005	“NWT” OJSC	Member of the Auditing Commission
2005- till present time	“NWT” OJSC	Chairman of the Auditing Commission
2003- 2005	«CenterTelecom» OJSC	Member of the Auditing Commission
2005- till present time	“CenterTelecom” OJSC	Chairman of the Auditing Commission
2003- 2005	“Uralsvyazinform” OJSC	Member of the Auditing Commission
2005- till present time	“Uralsvyazinform” OJSC	Chairman of the Auditing Commission
2003- 2005	“Sibirtelecom” OJSC	Member of the Auditing Commission
2005- till now	“Sibirtelecom” OJSC	Chairman of the Auditing Commission
2003- 2005	“Rostelecom” OJSC	Member of the Auditing Commission
2005- till now	“Rostelecom” OJSC	Chairman of the Auditing

Period	Company	Position held
		Commission
2003- 2005	"Giprosvyaz" OJSC	Member of the Auditing Commission
2003- till now	"MGTS" OJSC	Member of the Auditing Commission
2003- 2005	"WestBaltTelecom" CJSC	Member of the Auditing Commission
2005- till now	"WestBaltTelecom" CJSC	Chairman of the Auditing Commission
2003- 2005	"Health-care center "Orbita" CJSC	Member of the Auditing Commission
2005- till now	"Health-care center "Orbita" CJSC	Chairman of the Auditing Commission
2004- 2005	"Startcom" CJSC	Member of the Auditing Commission
2004- 2005	"Nizhegorodskaya sotovaya svyaz" CJSC	Member of the Auditing Commission
2005- till now	"Nizhegorodskaya sotovaya svyaz" CJSC	Chairman of the Auditing Commission
2003- 2005	"Pochtobank" CJSC AKIB	Member of the Auditing Commission
2005- till now	"Pochtobank" CJSC AKIB	Chairman of the Auditing Commission
2004- till now	"Tatincom-T" OJSC	Member of the Auditing Commission
2004- 2005	"Primtelefon" CJSC	Member of the Auditing Commission
2004- 2005	"Tvertelecom" CJSC	Member of the Auditing Commission
2005- till now	"Tvertelecom" CJSC	Chairman of the Auditing Commission
2004- till now	"Baikalvestcom" CJSC	Member of the Auditing Commission
2005- till now	"Baikalvestcom" CJSC	Chairman of the Auditing Commission
2005- till now	"Dalsvyaz" OJSC	Member of the Auditing Commission
2005- till now	"Svyaz-bank" OJSC	Member of the Auditing Commission
2005- till now	"RSU-Telecom" LLC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

5.3. Data on the Amount of Remuneration, Privileges and/or Reimbursement of Expenses for Each of the Issuer's Governing Bodies

Data on the Amount of Remuneration including salaries, bonuses, commission, privileges and/or reimbursement of expenses as well as other property provisions paid by the Issuer during the last complete financial year for Each of the Issuer's **Governing Bodies** (excl. the person acting as the Issuer's individual executive organ) and data on existing agreements in respect of remunerations in the current fiscal year.

Description	Salary	Bonus	Commission, benefits, reimbursement of expenses, other property provisions	Total
2004				
Members of the Board of Directors, RUR	833 988	1 434 672	12 889 950	15 158 610
Members of the Management Board, RUR	33 403 903	12 193 898	6 440 777	52 038 578
Including General Director, RUR	2 825 786	144 000	501 637	3 471 423

Amount of remuneration paid to Ivan Fyodorovich Ignatenko who was the member of the Board of Directors and the Management Board in 2004 is included in the specified amount of remuneration paid to the members of the Management Board.

According to the Provisions on the Company's Board of Directors approved by the Extraordinary General Shareholders' Meeting on January 21, 2003 (Minutes # 13) and amended on June 30, 2004 (Minutes of the Annual General Shareholders' Meeting # 15), June 30, 2005 (Minutes of the Annual General Shareholders' Meeting #16) remuneration of the members of the Board of Directors shall include quarterly and yearly remunerations.

1) Quarterly remuneration to each member of the Board of Directors shall be established in the amount of 200, 000 rubles.

Remuneration to the Chairman of the Board of Directors shall be set with a raising coefficient 1.5.

Remuneration to a member of the Board of Directors shall be cut down by:

30 percent – in case of his attendance at less than a half of the Board of Directors meetings held in the form of joint personal presence;

100 percent – in case of his attendance at less than a half of the held Board of Directors meetings.

Remuneration for the quarter, in which re-election of the Board of Directors was held, shall be paid to the members of the Board of Directors in proportion to the hours worked during the quarter.

2) The annual remuneration for the entire body of the Board of Directors of the Company shall be rated as a sum of:

percentage of the Company's EBITDA for the reported year as per the Company's financial statements in accordance with IFRS;

percentage of the Company's net profit allocated to dividend payment according to the financial results of the reporting year;

The annual remuneration shall be distributed among all the directors by equal shares.

The annual remuneration to a member of the Board of Directors shall be reduced by 50 percent, should he attend less than a half of the Board of Directors meetings held during his term of office.

Percent of deductions for calculation of the annual remuneration shall be determined by the resolution of the General Shareholders' Meeting electing the current membership of the Board of Directors.

The annual remuneration shall be paid to a member of the Board of Directors not later than three months after termination of the term of office of the current membership of the Board of Directors.

Should a member of the Board of Directors be also a member of a Board of Directors' Committee, the bonus of RUR 40 thousand shall be paid to him in addition to his quarterly remuneration; a member of the Board of Directors shall not be at the same time a member of more than two Committees of the Board of Directors.

This bonus for the Chairman of a Board of Directors' Committee shall be rated by a raising factor 1.25.

The Issuer's Annual General Shareholders' Meeting held on June 30, 2005 adopted the following resolutions (Minutes № 16 of June 30, 2005):

To approve the following rates of deductions for calculation of the annual remuneration to be paid to the members of the Board of Directors elected at the present Meeting :

0.143% of the Company's EBITDA for the reporting year as per the Company's IFRS 2005 financial statements;

0.784% of the Company's net profit allocated to dividend payment according to 2005 financial results.

According to the Provisions on the Company's Management Board approved by the Extraordinary General Shareholders' Meeting on January 21, 2003 (Minutes # 13) and amended on June 30, 2004 (Minutes of the Annual General Shareholders' Meeting # 15) size of remuneration and its distribution among the members of the Management Board shall be determined by the resolution of the Board of Directors of the Company.

In addition, members of the Board of Directors and the Management Board of the Issuer who are the employees of "Southern Telecommunications Company" PJSC shall receive salaries and bonuses according to the staff list of "UTK" PJSC.

5.3. Data on the Structure and Terms of Reference of the Bodies of Control over Financial and Economic Operation of the Issuer

Description of the structure and terms of reference of the bodies of control over financial and economic operation of the Issuer in accordance with its Charter.

To exercise control over financial and economic operations, the Company creates an Auditing Commission, a special structural division exercising the internal control functions, and engages an external auditor.

The Auditing Commission is an independent control body of the Company, elected at the annual general meeting of the shareholders for a period till the next annual general meeting of the shareholders, with 5 members.

General Shareholders' Meeting may terminate Powers of several or all members of the Auditing Commission before the appointed time.

Should the powers of the members of the Auditing Commission be terminated before the appointed time, terms of reference of the new membership of the Auditing Commission shall be continued till the next annual General Shareholders' Meeting.

Should the actual number of the members of the Auditing Commission become less than half of the elected number, Board of Directors shall be obliged to call an extraordinary General Shareholders' Meeting for election of the members of the Auditing Commission. The remaining members of the Auditing Commission shall exercise their functions for a period till election of the new members of the Auditing Commission at the next extraordinary General Shareholders' Meeting.

The terms of reference of the Auditing Commission include:

- checking the reliability of the data contained in the reports and other financial documents of the Company;**
- revealing any facts of violation of the procedure for book-keeping and submission of financial reports, established by the legal acts of the Russian Federation;**
- checking the observance of the legal standards in tax calculation and payment;**
- revealing any facts of violation of the legal acts of the Russian Federation, in compliance with which the Company performs its financial and economic operations;**
- evaluating the economic advisability of financial and economic operations of the Company.**

To ensure permanent internal control over the Company's economic activity a special structural department independent of the Company's executive organs should be formed which operation is to be controlled directly by the Company's Board of Directors.

Functions of such structural department, its operation, procedure of appointment of its workers and their responsibilities shall be determined in internal document approved by the Company's Board of Directors.

Data on the system of internal control over financial and economic activity of the Issuer:

Data on Internal Audit Department:

Period of work: **created on 27.05.2003.**

Term of work of key specialists: **since 27.05.2003**

Basic functions of the Internal Audit Department:

Organization of integrated audit of financial and economic activity of the Company, its branches and structural units according to the standing orders approved by the Management Board. Integrated audit in the Company's branches shall be planned so that the specialists of the General Management can visit all branches of the Company minimum once in 3 years.

Performing audit in the General Directorate and the branches of the Issuer in accordance with the schedule of audit approved by the Board of Directors.

Experts of the Internal Audit Department and specialists engaged for carrying out audit must reveal mistakes, discrepancies and illegal actions during financial and economic operations transacted by the Company.

Sampling audit of financial and management reports of the Company, analysis of their reliability, estimation of timeliness of the reporting and its presentation.

Carrying out of unannounced inspections of cash departments and cash discipline in order to strengthen the system of internal control over safe keeping of money resources.

Performing sampling audit according to the programs approved by the director of the Internal Audit Department as well as sampling inventories to exercise control over safe keeping and effective usage of the Company's assets.

Participating in audit of subsidiaries as engaged specialists.

Working out recommendations and instructions on performing audit, specialized checks and integrated audit of financial and economic activity.

Preparation of proposals on elimination of infringements revealed during audit, inspections of tax and other state authorities (information of all sections of the internal audit Department, services and departments of General management and branches is integrated).

Control over fulfillment of plans aimed at elimination of the revealed infringements.

Carrying out of the independent analysis of financial and economic activity of the Company, its branches and structural divisions in all directions determined by the internal audit department.

Development of the programs of training and information seminars in order to eliminate typical infringements revealed during audit, integrated and tax inspections. Preparing information for realization of actions aimed at optimization of taxation.

Monitoring of expenditures of means, funds for different projects or programs, sampling analysis of incomes and costs.

Preparing consultations on tax matters addressed to Chief Accountant, work check-up by the accounts services.

Preparation of the Company for external audit within its term of reference; analysis of work reports of external Auditors of the Company; making recommendations on elimination of the infringements revealed by auditors.

Regular work within the framework of any projects. Definition and analysis of possible external and internal risks during development and introduction of new projects in the Company and during the conclusion of contracts. Development of recommendations allowing to reduce the risk of separate operations or to minimize possible losses.

Gathering and analysis of information on the state of risk management system. Risks database maintenance.

Carrying out sampling inspections aimed at revealing and liquidation of debts and deficiencies, periodic control over fulfillment of obligations by the Company and its contractors.

Supervision of work of the personnel in the sphere of finances; control over the work of internal audit department in the branches.

Making reports on the done work, analytical and staff reports, opinions of experts.

Accountability of the Internal Audit Department:

The Internal Audit Department is functionally subordinate to the Board of Directors and administratively – to the General Director of the Company.

Interaction of the Internal Audit Department with the executive bodies of the Issuer and with the Board of Directors:

Presentation of the results of audits to the Management Board and results of work – to the Board of Directors of the Company, preparation of documents for work of the Board Audit Committee, informing the management on the audit results after and during the audit.

Interaction with the external auditor of the Issuer:

Measures on elimination of the infringements affecting reliability of the accounting reports, conducting meetings, discussing the results of audit performed by the Auditor of the Company and informing the branches on typical infringements.

Data on availability of the Issuer's internal document on protection of internal (inside) information.

“Provisions on the procedure for using information on the activities of Public Joint –Stock Company "Southern Telecommunications Company" or on its securities and transactions with them, unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of Public Joint –Stock Company "Southern Telecommunications Company", approved by the Board of Directors of "UTK" PJSC, Minutes № 40 of June 29, 2005 (see Annex 1).

5.4. Information on the Members of the Auditing Commission

Umnova Elena Vladimirovna (Chairman)

Year of birth: **1954**

Education: **higher education (Voronezh Polytechnical Institute)**

Positions held during the last 5 years:

Period	Company	Position held
1999 - 2003	Bank "MENATEP St.Petersburg"	Deputy Manager of the Voronezh branch
2003 – till present time	“Svyazinvest” OJSC	Director of Finance Department
2004 – 2005	“CenterTelecom” OJSC	Member of the Board of Directors
2004 – 2005	OJSC AKB "Svyaz-Bank"	Member of the Auditing Commission
2003 - till present time	“North-Western Telecom” OJSC	Member of the Management Board
2005 – till present time	"UTK" PJSC	Chairman of the Auditing Commission
2005 – till present time	“Sibirtelecom” OJSC	Member of the Auditing Commission
2005 – till present time	OJSC "Nizhegorodskaya sotovaya svyaz"	Member of the Auditing Commission

Share in the Issuer’s authorized capital: **none**

Share of the Issuer’s common stock: **none**

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: **none**

Share in the authorized capital of the Issuer’s subsidiaries and associates: **none**

Share of the common stock of the Issuer’s subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: **none**

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: **none**

Kovalenko Gennady Ivanovich

Year of birth: **1946**

Education: **higher education (St. Petersburg Academy of the Ministry of Internal Affairs)**

Positions held during the last 5 years:

Period	Company	Position held
2000 – 2003	“Svyazinvest” OJSC	Head of the section for methodological management of the legal departments of dependent companies, Legal Department
2003 – till present time	“Svyazinvest” OJSC	Head of the section for work with dependent companies, Legal Department
2001- 2002	OJSC "Electrosvyaz" of the Chita Region	Chairman of the Board of Directors
2004- 2005	“Sibirtelecom” OJSC	Member of the Board of Directors
2004- 2005	“North-Western Telecom” OJSC	Member of the Auditing Commission
2005 - till present time	OJSC "Rostelecom"	Member of the Auditing Commission

Period	Company	Position held
2005 - till present time	"UTK" PJSC	Member of the Auditing Commission
2005 - till present time	CJSC "CenterTelecomService of the Moscow Region"	Member of the Auditing Commission
2005 - till present time	"Yug-Giprosvyaz" LLC	Member of the Auditing Commission
2005 - till present time	OJSC "Informatsionnie tekhnologii svyazi"	Chairman of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Loshakov Dmitry Anatolievich

Year of birth: **1975**

Education: **higher education (Plekhanov Russian Academy of Economics)**

Positions held during the last 5 years (including as a by-worker):

Period	Company	Position held
2000 – 2002	CJSC "Unicon/MS consulting group"	Expert, consultant
2002 - 2003	OJSC "Rospechat"	Head of the Monitoring Department
2003 – till present time	"Svyazinvest" OJSC	Senior specialist of the section for investment projects of the Economic planning and budgeting Department

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Charkovsky Vyacheslav Yurievich

Year of birth: **1973**

Education: **higher education (Moscow State Institute for International Relations (University))**

Positions held during the last 5 years:

Period	Company	Position held
2000 - 2000	"BFK Audit" LLC	Auditor
2001 - 2003	CJSC "BDO Unicon"	Expert, chief expert, senior expert of the Department for audit services; Senior expert of the Department for taxes and laws
2003 - 2004	"Svyazinvest" OJSC	Senior specialist of the taxation section of the Accounting Department
2004 - till present time	"Svyazinvest" OJSC	Chief specialist of the taxation section of the Accounting Department
2005 – till present time	"Dalsvyaz" OJSC	Member of the Auditing Commission
2005 - till present time	"Sibirtelecom" OJSC	Member of the Auditing Commission
2005 - till present time	"UTK" PJSC	Member of the Auditing Commission
2005 - till present time	"Giprosvyaz-Sibir" LLC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Chernikova Tamara Alekseevna

Year of birth: **1959**

Education: **higher education (Voronezh State University)**

Positions held during the last 5 years:

Period	Company	Position held
1999 - 2003	Bank "MENATEP St. Petersburg"	Senior specialist on securities of the Voronezh branch
2003 – till present time	"Svyazinvest" OJSC	Head of the section for securities and debt instruments of the Finance Department
2005 - till present time	"UTK" PJSC	Member of the Auditing Commission
2004 - till present time	OJSC "Central Telegraph"	Member of the Auditing Commission
2005 - till present time	CJSC "Baikalvestcom"	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

5.5.1. Specialists of the Internal Audit Department:

Director of the Internal Audit Department is not appointed as of the date of making the present report.

Podgornaya Lyubov Yurievna

Date of birth: **1964**

Education: **higher education (Kuban Agricultural Institute, economist)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	"RCAU Audit Alyans" Ltd	Chief auditor
2002 – 2004	"UTK" PJSC	Head of the Section of Internal Audit
2004 – till	"UTK" PJSC	Head of the Section of methodology and risk management

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Sporysh Oksana Alexandrovna

Date of birth: **1978**

Education: **higher education (Moscow State Academy of Instrument-making and Informatics, economist)**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2000	"City Line" Ltd.	Chief accountant
2000-2002	"Audit Alyans" Ltd	Auditor

Period	Company	Position held
2002 – till now	"UTK" PJSC	Key specialist

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Marienko Tatiana Petrovna

Date of birth: *1958*

Education: *higher education (Kuban State University, economist)*

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2001	"Audit firm "Egida" Ltd.	Auditor
2001-2004	"ROS-Audit" Ltd	Auditor
2004 – till now	"UTK" PJSC	Auditor

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Tokar Mikhail Yevgenievich

Date of birth: *1972*

Education: *higher education (Kuban Agricultural University, economist)*

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2001	"MF Krasnodar " OJSC	Accountant

Period	Company	Position held
2001-2004	"Promtranstechmontazh" OJSC	Deputy chief accountant
2004 – till now	"UTK" PJSC	Auditor

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Kior Yevgenia Anatolyevna

Date of birth: ***1979***

Education: ***higher education (Kuban Agricultural University, economist)***

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2003	"Agropromaudit" CJSC	Accountant
2003-2004	"Unicon" CJSC (Krasnodar branch)	Expert
2004 – till now	"UTK" PJSC	Auditor

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Demchenko Marina Ivanovna

Date of birth: ***1957***

Education: ***higher education (Leningrad Forestry Engineering Academy, economist, Certificate of competence of the auditor in the sphere of general audit, audit of stock exchanges, non-budgetary funds and investment institutes).***

Posts held during the last 5 years:

Period	Company	Position held
till 2002	"Maxima" Ltd.	Chief auditor
2002-2003	"Firm "ROS-Audit" Ltd	Senior auditor
2003 – 2004	"UTK" PJSC	Senior auditor
2004- till now	"UTK" PJSC	Acting head of the audit section

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Lants Alexander Borisovich

Date of birth: *1975*

Education: *higher education (Kuban Agricultural University, lawyer)*

Posts held during the last 5 years:

Period	Company	Position held
1998 - 2003	"Account-Yug" Ltd.	Legal adviser
2003-2004	"BDO Unicon" CJSC	Expert
2004 – till now	"UTK" PJSC	Auditor

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

5.5. Data on the Amount of Remuneration, Privileges and/or Reimbursement of Expenses for the Control Body over the Financial and Economic Activities of the Issuer

Data on the Amount of all kinds of remuneration paid by the Issuer during the last complete financial year for Each of the Issuer's Control Body over the Financial and Economic Activities and

data on existing agreements in respect of remunerations in the current fiscal year.

Description	Salary	Bonus	Commission, benefits, reimbursement of expenses and other property provisions	Total
2004				
Members of the Auditing Commission, RUR	959,184	225,308	3,206,446	4,390,938
Specialists of the Internal Audit Department, RUR	1,821,222	551,035	235,107	2,607,363

According to item 7.4. of the Provisions on the Auditing Commission of "UTK" PJSC, approved by the General Shareholders' Meeting of 30 May 2001 (Minutes № 10 of 30.05.2001) and amended by the General Shareholders' Meetings of June 21, 2002 (Minutes № 12) and of June 30, 2004 (Minutes № 15), remuneration to each member of the Auditing Commission during execution of his duties shall be paid quarterly in the amount of 150,000 rubles. Quarterly remuneration to the Chairman of the Auditing Commission shall be rated by a raising factor 1.3. Remuneration for the quarter in which the Auditing Commission has been re-elected shall be paid to the members of the Auditing Commission in proportion to the time worked in the quarter.

Members of the Auditing Commission who are employees of "Southern Telecommunications Company" PJSC shall receive salaries and bonuses according to the Collective Agreement of "UTK" PJSC.

Specialists of the Internal Audit Department of "Southern Telecommunications Company" PJSC receive salaries and bonuses according to the staff list of "UTK" PJSC.

5.6. Data on the Number of and Generalized Data on the Education and Composition of the Issuer's Workers (Employees) and on Any Changes in the Number of the Issuer's Workers (Employees)

Average number of workers (employees) of the Issuer including employees working in its branches and representative offices, as well as the size of deductions for wages and social security for the accounting period:

Description	2 quarter 2005
Average payroll number of employees, people	37,829
Share of the Issue's employees having higher education, %	26.10
Wages fund, RUR ths	1,046,242
Social expenditures, RUR ths	253,276
Total expenses, RUR ths	1,299,518

Data are presented according to the form of the statistical reporting 1-T (Annual) pursuant to the Instruction on structure of wage fund and social payments approved by the decision of Goskomstat of the Russian Federation № 116 of 24.11.2000 as agreed with Economic Development Ministry of the Russian Federation, Ministry of Labor of the Russian Federation, the Central Bank of Russia.

In 2Q2005 the average number of employees decreased over 1Q2005 by 2.4%. This change of the staff size in the period under report is not essential for the Issuer.

The information on the employees (workers) of the Issuer having considerable impact on its financial and economic operations:

There are no such employees.

Trade-union body of the Issuer.

The Krasnodar regional territorial trade-union organization of telecommunications workers of the All-Russian trade union of the Russian Federation. On 6 October 1999 the first constituent conference of the trade-union organization was held.

5.7. Data on Any Obligations of the Issuer to Workers (Employees) Concerning the Possibility of their Participation in the Authorized Capital (Unit Investment Fund) of the Issuer

No agreements or obligations of the Issuer have been provided for concerning the possibility of Issuer's workers (employees) participation in its authorized capital (unit investment fund).

Share of participation in the authorized capital (unit investment fund) of the Issuer (number of the Issuer's ordinary shares – joint-stock company), which can be acquired by employees (workers) of the Issuer under agreements or obligations of the Issuer concerning the possibility of Issuer's workers (employees) participation in its authorized capital (unit investment fund):

There are no such agreements or obligations.

Data on granting or possibility of granting of the Issuer's options to employees (workers) of the Issuer:

There are no such agreements or obligations.

VI. Data on the Issuer's Participants (Shareholders) and on Party-Related Transactions made by the Issuer

6.1. Data on Total Number of Shareholders of the Issuer:

Total number of parties registered in the shareholders register of the issuer as of the date of the end of the last quarter under report: **27,069**

Total number of nominal holders of issuer's shares: **27**

6.2. Data on the Issuer's participants (shareholders) holding at least 5 per cent of its authorized capital (unit investment fund) or at least 5 per cent of its common stock, as well as data on participants (shareholders) of such parties, holding at least 20 per cent of the authorized capital (unit investment fund) or at least 20 per cent of their common stock

Issuer's participants (shareholders) holding at least 5 per cent of its authorized capital:

6.2.1. Full registered name: *Investitsionnaya Kompaniya Svyazi - Open Joint-Stock Company*

Abbreviated registered name: ***"Svyazinvest" OJSC***

TIN: **7710158355**

Place of business: ***str., 2, 55 Plyushchikha, Moscow, Russia, 119121***

Share in the Issuer's authorized capital: **38.16 %**

Share of the Issuer's common shares owned by the shareholder: **50.69%**

Parties, holding at least 20 per cent of the authorized capital of an issuer's shareholder (participant):

Full registered name: ***Federal agency on federal property management***

Abbreviated registered name: ***Federal agency on federal property management***

TIN: **7710542402**

Place of business: **9 Nikolsky per., Moscow, 103685**

Share in the authorized capital of the Issuer's shareholder (participant): **50 % + 1 share**

Voting stock share: **50 % + 1 share**

Share in the Issuer's charter capital: **none**

Share of the Issuer's common stock: **none**

Full registered name: **MUSTSCOM LIMITED**

Abbreviated registered name: **Mustsom Ltd**

TIN: **not applied**

Place of business: **3 Themistoklis Dervis Street Julia House CY-1066 Nicosia, Cyprus**

Share in the authorized capital of the Issuer's shareholder (participant): **25% + 1 share**

Voting stock share: **25% + 1 share**

Share in the Issuer's charter capital: **none**

Share of the Issuer's common stock: **none**

Full registered name: **Specialized state organization under the Government of the Russian Federation "Russian Fund of Federal Property"**

Abbreviated registered name: **Specialized state organization under the Government of the Russian Federation "Russian Fund of Federal Property"**

TIN: **7704097841**

Place of business: **9, Leninskiy prospect, Moscow, 117049**

Share in the authorized capital of the Issuer's shareholder (participant): **25 % -2 shares**

Voting stock share: **25 % - 2 shares**

Share in the Issuer's charter capital: **none**

Share of the Issuer's common stock: **none**

6.2.2. Full registered name: **Depository Clearing Company - Private Joint –Stock Company (nominal holder)**

Abbreviated name: **"DCC" ZAO**

Mailing address: **31/B, Shabolovka Str, building 4, Moscow, 115162**

Phone: **(095) 956-09-99**

Fax: **(095) 232-68-04**

e-mail: **dcc@dcc.ru**

Information about the license of the professional participant of the securities market:

License for depository activity № 177-06236-000100 issued by the RF FCSM on October 9, 2002, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issuer's shareholders under the name of this nominal holder, shares: **395, 017, 095**

6.2.3. Full registered name: **Brunswick UBS Wartburg Nominees Private Company (nominal holder)**

Abbreviated name: **"Brunswick UBS Nominees" CJSC**

Place of business: **2, Paveletskaya Pl., building 2, Moscow, 115054**

Phone: **(095) 258-52-00**

fax: **(095) 725-41-70**

e-mail: **custody@brunswickubs.com**

Information about the license of the professional participant of the securities market:

License for depository activity № 177-04885-000100 issued by the RF FCSM on 13.03.2001, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: **277, 151, 028**

6.2.4. Full registered name: **Closed Joint –Stock Company Commercial bank "CITYBANK" (nominal holder)**

Abbreviated name: **CJSC CB "Citibank"**

Location: **8-10, Gashek Str., Moscow, 125047**

Phone: **(095) 725-67-36**

Fax: **(095) 251-46-58**

Information about the license of the professional participant of the securities market:

License for depository activity № 177-02719-000100 issued by the RF FCSM on 01.11.2000, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: **30, 051, 415**

6.2.5. Full registered name: **"ING BANK (EVROASIA) ZAO" (Closed Joint –Stock Company) (nominal holder)**

Abbreviated name: **"ING BANK (EVROASIA) ZAO" (CJSC)**

Location: **36, Krasnoproletarskaya Str., Moscow, Russia, 127473**

Phone: **(095) 755-54-00**

Fax: **(095) 755-54-99**

e-mail: **mail@ibimos.ru**

Information about the license of the professional participant of the securities market:

License for depository activity № 177-03728-000100 issued by the RF FCSM on 07.12.2000, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: **164, 497, 663**

6.3. Data on the share of the state or the municipal unit in the authorized capital of the Issuer and on availability of a special right ("golden share")

Data on the share of the state (municipal unit) in the authorized capital of the Issuer:

Share of the Issuer's authorized capital owned by the state (municipality): **0.00028%**

Manager of the block: **Regional state specialized organization "Fund of State Property of the Krasnodar Krai"**

Location: **176, Krasnaya Str., Krasnodar, 350020**

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share'):

no such special right is provided for

Share of the Issuer's authorized capital owned by the state (municipality): **0.09190%**

Manager of the block: **Specialized state organization under the Government of the Russian Federation "Russian Fund of Federal Property"**

Location: **9, Leninsky prospect, Moscow, 109049**

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share') its term of validity:

no such special right is provided

Share of the Issuer's authorized capital owned by the state (municipality): **0.00031%**

Manager of the block: **Administration of Federal Mail Service of the Volgograd Region**

Location: **9, Mira Str., Volgograd, 400066**

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share'), its term of validity:

no such special right is provided

6.4. Data on Restrictions for Participation in the Authorized Capital (Unit Investment Fund) of the Issuer

Any restrictions of the number of shares held by one shareholder and/or their aggregate face value, and/or the maximum number of votes granted to one shareholder established by the Charter of the issuer, which is a joint-stock company:

The Charter of the issuer has provided for no such restrictions.

Any restrictions of the share of foreign parties participation in the authorized capital of the issuer established by the legislation of the Russian Federation or by other standard legal acts of the Russian Federation:

there are no such restrictions

However, in accordance with Article 10 of the Federal Law "On Joint –Stock Companies" and the Issuer's Charter, when a shareholder of the Company intends, on his own or jointly with its affiliated person(s), to purchase 30 or more percent of the placed ordinary shares of the Company, such shareholder shall, at least 90 days in advance and not later than 30 days before the date of purchase of such shares, send to the Company a written notification of its intention to buy the said shares. Upon completion of such transaction(s) of share acquisition, the said shareholder shall be obliged, within 30 days from the date of such acquisition, to invite other shareholders of the Company to sell ordinary shares of the Company and issued convertible securities owned by them to the said shareholder, at a market price, but not lower than their weighted average price over the six months preceding the date of such acquisition. The offer of the person who has purchased ordinary shares according to the specified order, to sell ordinary shares of the Company shall be sent to all shareholders - owners of ordinary shares of the Company in writing.

In accordance with the law of the Russian Federation "On competition and restriction of monopolistic activities in commodity markets", a person (group of persons) may acquire voting shares of a company and receive the right to more than 20 percent of the specified shares only after the approval by the federal antimonopoly body of the application of a legal or natural person.

6.5. Data on changes in the composition and size of participation of the Issuer's participants (shareholders) holding at least 5 per cent of its authorized capital (unit investment fund) or at least 5 per cent of its common stock

Full registered name	Abbreviated name	Share in the charter capital, %	Share of common shares, %
Date of annual General Shareholders' Meeting: 30.05.2001 Cut-off date: 14.04.2001			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.00	50.67
ROBUR ASSET MANAGEMENT	ROBUR ASSET	3.72	4.96

Full registered name	Abbreviated name	Share in the charter capital, %	Share of common shares, %
	MANAGEMENT		
THE BANK OF NEW YORK INTERNATIONAL NOMIN	THE BANK OF NEW YORK INTERNATIONAL NOMIN	4.07	5.43
Date of Annual General Shareholders' Meeting: 21.06.2002 Cut-off date: 03.05.2002			
Open Joint –Stock Company “Investment communication Company”	“Svyazinvest” OJSC	38.00	50.67
CJSC "LEADER" D.U.	CJSC "LEADER" D.U.	7.26	9.68
Date of Annual General Shareholders' Meeting: 25.06.2003 Cut-off date: 08.05.2003			
Open Joint –Stock Company “Investment communication Company”	“Svyazinvest” OJSC	38.16	50.69
Date of Annual General Shareholders' Meeting: 30.06.2004 Cut-off date: 14.05.2004			
Open Joint –Stock Company “Investment communication Company”	“Svyazinvest” OJSC	38.16	50.69
Date of Annual General Shareholders' Meeting: 30.06.2005 Cut-off date: 11.05.2005			
Open Joint –Stock Company “Investment communication Company”	“Svyazinvest” OJSC	38.16	50.69
Closed Joint –Stock Company "Leader" (Pension fund assets management company) D.U. NPF "Gasfond"	CJSC “Leader” (Pension fund assets management company) D.U. NPF "Gasfond"	7.35	7.50
Fenway Services Limited	Fenway Services Limited	4.30	5.62

6.6. Data on Interested Party Transactions Made by the Issuer

Information on effected interest party transactions approved by each governing body of the Issuer:

Description	2nd quarter of 2005
Total number of transactions	104
Total amount of transactions, RUR	194,340,022.68

Price of transaction cannot be determined under some contracts.

Transaction (a group of interrelated transactions) with the price of 5 and more per cent of the balance value of the issuer’s assets as determined based on the data of its accounts and reports as of the last reporting date: **there have been no such transactions in the 2nd quarter of 2005**

Information on the related-party transactions effected by the Issuer:

Description	2nd quarter of 2005
Total amount of transactions, RUR	194,340,022.68

Price of the transaction cannot be determined under some contracts.

Party-related transaction (a group of interrelated transactions), the decision on approving which was not taken by the Board of Directors (Supervisory Board) or the general meeting of the shareholders

(participants) of the issuer in the cases when such approval was obligatory according to the laws of the Russian Federation: ***there have been no such transactions in the period under report***

6.7. Data on the amount of accounts receivable

Description	30.06.2005
Accounts receivable, total, RUR	1,999,749,070
Overdue accounts receivable, total, RUR	888,822,081

Values are shown as at the expiry date of the period under report including reserves.

Information on the structure of the accounts receivable of the Issuer with the indication of the time of obligations execution:

As of June 30, 2005.

Type of accounts receivable	Period in which the debt arises	
	within 1 year	more than 1 year
Accounts receivable from buyers and customers, RUR	1,244,698,286.00	279,777,458.00
Including overdue, RUR	845,314,976.00	x
notes receivable, RUR	3,561,787.00	0.00
Including overdue, RUR	0.00	x
debts of participants (founders) by contributions to the authorized capital, RUR	0.00	0.00
Including overdue, RUR	0.00	x
advances distributed, RUR	176,699,201.00	4,272,034.00
Including overdue, RUR	30,842,366.00	x
Other debtors, RUR	288,293,230.00	2,447,074.00
Including overdue, RUR	12,664,739.00	x
Receivables, total, RUR	1,713,252,504.00	286,496,566.00
Including overdue, RUR	888,822,081.00	x

The structure of accounts receivable is specified with doubtful debt reserve.

Information on debtors for which account no less than 10 percent of the total debts:

There are no such debtors.

VII. The Issuer's Accounts and Reports and Other Financial Information

7.1. The Issuer's Annual accounts and reports

Annual accounting reports of the Issuer are not to be included in the quarterly report for the second quarter.

7.2. Issuer's Quarterly Accounts and Reports for the Last Completed Quarter under Report

See Annex 2 (Forms 01, 02)

7.3. Issuer's Consolidated Accounts for the Three Last Completed Fiscal Years or for Each Completed Fiscal Year

Consolidated 2004 financial statements of the Issuer in accordance with International Financial Reporting Standards (IFRS) can be viewed in Annex 3.

7.4. Data on the Accounting Policy of the Issuer

MAIN PRINCIPLES OF THE ACCOUNTING POLICY FOR 2005 FISCAL YEAR

1. ORGANIZATIONAL ASPECTS OF THE ACCOUNTING POLICY

1.1. Organizational principles of accounting services

The term "**accounting service**" denotes the aggregate of structural units and officers, which collect, process and analyze primary information and prepare reports on this basis for various groups of users.

The term "**specialized accounting service**" denotes the Company's structural unit, which collects, processes and groups information in the consolidated registers of analytical and synthetic accounting and makes records on the accounts. Depending on the level of the organizational structure, a specialized accounting service may comprise accounting department, taxation department, consolidated financial accounting department, etc.

Functional services (for example, line and cable plant, transportation department, customer service department, logistics department, etc.) collect and process primary information for its further registration in the accounting system.

On each management level, the accounting service is responsible for collecting and processing information to provide such data for the users which enable them to develop, substantiate and make decisions on their management level and to provide the superior management bodies with such information which enables them to develop, substantiate and make decisions on a higher management level.

The Provisions on the Accounting Principles regulate distribution of powers and responsibilities among accounting services at each of three management levels (vertically) and inside each management level (horizontally). These Provisions determines structure, functions and tasks of specialized and functional accounting services. Allocation of responsibilities and relations between specialized and functional accounting services are regulated by the Provisions on the Accounting Principles and the Paperwork System Regulations.

Accounting and supervising is the responsibility of the Company's accounting service headed by the chief accountant. The Company's accounting service comprises the accounting departments of divisions, headed directly by the chief accountants of these divisions. The functions of the central accounting department are performed by the accounting department of the General Management of the Company.

1.2. Paperwork procedure and primary records processing technology

At the Company, the paperwork rules, procedures and schedules and the primary records processing technology, including:

- primary records creation method;
 - primary records verification method;
 - method and timeframe for the transfer of primary records for reflecting them in accounting records;
 - method for the transfer of documents to the archive,
- are regulated by the Paperwork System Regulation.

The Company uses the uniform forms of primary records approved by the State Statistics Committee of Russia.

Those financial and economic operations for which no uniform forms are provided are documented using the internal forms of primary records (including those included in the Paperwork System Regulation) which are contained in the internal paperwork system regulation and include mandatory details provided by Federal Law "On Accounting" No. 129-FZ of November 21, 1996.

The right to sign primary records is provided by internal organizational directive documents.

1.3. Procedure of organizing and carrying out the inventorying of property and obligations

All property of the Company, regardless of its location, and all kinds of obligations are liable to inventorying.

The Company carries out the inventorying subject to the following dates:

- fixed assets, at least once in two years, as of 31st October of the year under review;
- intangible assets, on the annual basis, as of 30th November of the year under review;
- unfinished capital construction and other capital investments, on the annual basis, as of 31st October of the year under review;
- raw materials, materials, precious metals, equipment to install, semi-finished products, goods, finished products at warehouses, on the annual basis, as of 31st October of the year under review;
- work in process, on the quarterly basis, as of the end of the quarter under review;
- deferred incomes and prepaid expenses, on the annual basis, as of 31st December of the year under review;
- funds on accounts with bank institutions, on the annual basis, as of 31st December of the year under review;
- cash in hand, at least once a quarter;
- long-term financial investments, on the annual basis, as of 31st December of the year under review;
- short-term financial investments, monetary instruments, on the quarterly basis, as of the end of the quarter;
- settlements with debtors and the doubtful debts reserve, on the annual basis, as of 31st December of the year under review;
- settlements with creditors (communications operators), on the quarterly basis, as of the end of the quarter, with other creditors (including loans and credits), on the annual basis, as of 31st December of the year under review;
- settlements on taxes and duties payable to the budget and off-budget funds, on earmarked financing, on the annual basis, as of 31st December of the year under review;
- intra-company settlements, at least once a quarter;
- settlements with the personnel, accountable persons, on the annual basis, as of the end of the quarter;
- reserves for contingent liabilities, reserves for depreciation of investments in securities, reserves for depreciation of material assets, on the annual basis, as of 31st December of the year under review.

To carry out the inventorying, standing inventorying commissions are set up on the level of the General Management of the Company and Managements of regional branches, the composition of which is approved:

- for the General Management of the Company, by the Director General of the Company;
- for Regional Branches - by the Director of the branch.

The detailed procedure of organizing and carrying out the inventorying of property and obligations of the Company is determined in the Regulation on the Inventorying of Assets and Liabilities and Measures for Ensuring the Preservation of Assets.

1.4. Preparation of accounting reports of the Company

The accounting reports of the Company are prepared subject to the procedure and timeframe provided by Federal Law "On Accounting" No. 129-FZ of November 21, 1996 and other normative acts of the Russian Federation regulating accounting procedures.

The accounting reports of the Company are formed by the accounting department of the General Management of the Company based on the summarized information on the property, liabilities and activity results with account taken of the information provided by the accounting departments of the Regional Branches. The accounting departments of the Regional Branches form the reports based on the data provided by the divisions.

The accounting reports are prepared using the forms developed by the Company with account taken of the recommendations contained in the relevant normative documents.

The internal forms of accounting reports as well as the specific deadlines for submitting them are provided in the in-house regulation on the procedure of forming the accounting reports of the Company.

1.5. Working chart of accounts of the Company

All divisions of the Company keep accounting records using the single working chart of accounts.

The use of the Single Chart of Accounts, including the distribution of competence for keeping accounts and sub-accounts among accounting services of different management levels of the Company, is regulated by the Instructions for Applying the Single Chart of Accounts.

2. METHODOLOGICAL ASPECTS OF THE ACCOUNTING POLICY

2.1. Intangible assets accounting

The amount of amortization charges for intangible assets is determined on the monthly basis at the rates calculated based on their original cost and useful life under the straight-line method.

The expected useful life of intangible assets is determined by an ad hoc commission at the time of their acceptance and approved by the Director General of the Company.

The cost of intellectual properties is amortized by the accumulation of amortization charges on account 05 "Amortization of intangible assets".

2.2. Fixed assets accounting

No fixed assets revaluation is carried out in 2005.

The amortization of fixed assets is charged under the straight-line method based on the original or replacement cost (in case revaluations were carried out) of the fixed asset and the amortization rate calculated according to the useful life of this asset.

The useful life is determined by the commission for groups of fixed assets at the time of acceptance and is approved by the Director General of the Company.

For the acquired fixed assets, which were formerly in use, the useful life is determined according to the periods of actual use and the intended period of use of these fixed assets at the Company.

Fixed assets worth not more than 10,000 rubles a piece as well as books, brochures and other publications acquired on and after January 1, 2002 are written off to production expenses (selling expenses) as they are issued for production or use, using account 02 "Amortization of fixed assets". To ensure the preservation of these assets in production or use, the Company exercises the proper supervision of the flow of these assets on account 01 "Fixed assets".

Finished facilities to be used as fixed assets are classified as non-circulating assets until their use begins.

The actually used real properties for which capital investments were completed, relevant primary records of acceptance were prepared and documents were transferred for the state registration are put on the accounting records as fixed assets on a separate sub-account.

Expenses on all kinds of repairs are included in the prime cost of the accounting period in which they were made. No reserve is created for future expenses on the repairs of fixed assets.

2.3. Inventories accounting

The actual prime cost of inventories is formed in the accounting records of the Company using accounts 15 "Procurement and acquisition of tangibles" and 16 "Deviation in the cost of tangibles".

Accounting records of inventories on accounts 10 "Materials" and 41 "Goods" are kept at accounting prices.

Inventories (raw materials, materials, goods) are put on the accounting records at the accounting price, which is understood as follows:

- where inventories are acquired for payment, as the supplier's price in accordance with the supply (sale) contract;
- where inventories are produced by the organization itself, as the amount of actual production-related expenses;
- where inventories are contributed to the authorized capital of the Company, as the monetary valuation agreed on by the participants of the Company subject to the Law "On Joint-Stock Companies";
- where inventories are received by the organization under a donation agreement or free of charge, or obtained as the result of retirement of fixed assets and other property, as the current market value as of the date of acceptance for accounting purposes;
- where inventories are received under contracts providing for the fulfillment of obligations (payment) in the non-monetary form, as the cost of the assets transferred or to be transferred by the Company¹.

¹ The cost of the assets transferred or to be transferred by the Company is based on the price at which under comparable circumstances the Company usually determines the cost of similar assets. In case it is impossible to establish the cost of the values transferred or to be transferred by the Company, the cost of the inventories received under contracts providing for the fulfillment of obligations (payment) in the non-monetary form is determined based on the cost at which similar inventories are acquired under comparable circumstances.

The transportation and procurement expenses and expenses for making materials fit for use for the purposes envisaged at the Company are placed on account 16 "Deviations in the cost of materials" regardless of the share of transportation and procurement expenses or the ratio of deviations to the accounting cost of material.

Goods in retail trade, placed on account 41.02, are reflected in the accounting records at the selling prices.

Expenses for procuring and delivering to the Company's warehouses the goods intended for sale through the retail and wholesale network are included in the circulation costs.

Accounting records of finished products are kept at the actual prime cost of production without using account 40 "Output of products (works, services)".

The reusable items, which it is inexpedient to refer to fixed assets regardless of the useful life because the item accounting is not rational, are classified as inventories. Such items include stationery, dishes, petty implements and working tools.

Special garments and special tools acquired by the organization are accepted for accounting purposes in the amount of actual acquisition expenses and placed on the debit of account 10 "Materials".

Special garments and special tools worth not more than 10,000 rubles a piece regardless of the useful life as well as special garments and special tools with the useful life not exceeding 12 months regardless of the cost are written off to the expense accounts in full as they are issued for use.

Special garments and special tools worth more than 10,000 rubles a piece with the useful life exceeding 12 months are placed on accounts 10-09-04 "Special garments in use" and 10-09-05 "Special tools in use" after they are issued for use, and their cost is amortized in equal portions during the useful life.

The retired inventories are valued under the following methods:

According to the average cost, by determining the actual prime cost of the material at the time of its issue (**sliding valuation**), the average valuation being calculated using the quantity and the cost of materials as of the beginning of the month and all receipts before the issue:

- raw materials;
- materials;
- finished products;
- goods for resale
- precious metals.

2.4. Procedure of translating foreign currency-denominated assets and liabilities

Cash in hand and at bank, monetary and payment instruments, short-term securities, funds in settlements (including those on loan obligations) with legal entities and individuals, balance of earmarked financing from the budget or foreign sources within the framework of technical or other aid to the Russian Federation in accordance with agreements (treaties) denominated in foreign currency are translated into rubles as at the date of the foreign currency operation and also as at the reporting date.

2.5. Incomes formation

For the incomes accounting purposes, the ordinary activities of the Company are divided into primary and non-core ones.

The primary activities are ones connected with the provision of communications services. All other activities are non-core.

The ordinary activities are as follows:

primary activities:

• **urban telephone services**

- provision of access to the city telephone network;
- provision of local telephone connection (call) for the fixed communications subscribers in the urban area (provision of the subscriber's line for use in the urban area; local traffic transit);
- provision of local telephone connection from the city payphone;
- provision of direct lines and connection lines for use;
- other services of the city telephone network (connection, re-execution of documents, etc.)

• **rural telephone services**

- provision of access to the rural telephone network;
- provision of local telephone connection (call) for the fixed communications subscribers in the rural area (provision of the subscriber's line for use in the rural area; local traffic transit);
- provision of local telephone connection from the village payphone;
- provision of direct lines and connection lines for use;
- other services of the rural telephone network (connection, re-execution of documents, etc.)

• **national and international telephone services**

- provision of national and international telephone connection;
- provision of national telephone connection using a payphone;
- provision of international telephone connection using a payphone;
- provision of national and international channels for use;
- other national and international telephone services (conferences, maintenance, etc.)

• **documentary electrical communications services**

- national telegrams;
- international telegrams;
- provision of telegraphic channels for use;
- subscriber's telegraphing;
- data transmission services;
- telematic services;
- newspaper page transmission;
- other documentary electrical communications services;

• **radio communications services;**

• **radio broadcasting services;**

• **TV services;**

• **Internet services;**

• **wired broadcasting services**

- use of subscriber's radio socket;
- provision of access to the wired broadcasting network;
- other wired broadcasting services;

• **wireless radio communications services**

- personal radio call services (paging);
- cellular communications services;
- other wireless radio communications services

non-core activities:

- lease of the Company assets;
- transportation services;
- production of telecommunications facilities;
- trading services;
- public catering;
- construction-related services;
- information and computation services;
- publishing (directories, newspapers);
- information services;
- educational services;
- security services;
- intermediary (agency, commission) services;
- power access services;
- intermediation;

- consumer services;
- recreational, touring and hotel services;
- advertising;
- other activities meeting above criteria.

Incomes other than incomes on ordinary activities are classified as other incomes.

2.6. Expenses formation

For the expenses accounting purposes, the ordinary activities of the Company are divided into primary and non-core ones.

Accounting records of expenses are kept separately as to kinds of services, works and products, which are the objects of calculation.

For distribution purposes of primary activities, the Company uses the method of expenses accounting by production processes.

A **production process** means an unambiguously determined activity (sequence of steps or an aggregate of functions and tasks) not limited by time and having a distinct result.

To distribute expenses by the objects of calculation, the processes are divided into principal production processes, auxiliary production processes and joint processes.

The **principal production processes** are ones performed directly for communications services.

The **auxiliary production processes** are ones necessary for the principal and joint processes and indirectly connected with communications services.

The **joint production processes** are ones necessary for the principal production processes but not connected with communications services.

The **expenses distribution bases** are the actual in-kind data of the Company's production activity, the set of which is determined in the Expenses Accounting Regulation.

All expenses relating to the primary activities are indirect, i.e. are to be distributed between the objects of calculation and are taken into account as to production processes.

Expenses on primary activities are reflected in accounts 30 "Principal production processes" and 31 "Auxiliary production processes".

Expenses relating to the non-core activities are reflected in accounts 23 "Auxiliary productions", 29 "Ancillary productions and units" and 44 "Selling expenses" by kinds of activities.

The full prime cost of the services provided, works performed, products manufactured is calculated without the separation of management and commercial expenses.

Expenses on joint production processes are reflected in account 32 "Joint production processes".

Expenses collected on account 31 "Auxiliary production processes" are distributed between the principal and joint production processes on accounts 30 "Principal production processes" and 32 "Joint production processes" according to the distribution bases data provided by production services in the end of the accounting period.

Expenses collected on account 30 "Principal production processes" are distributed to account 20 "Principal production" as to the objects of calculation (services) according to the distribution bases data provided by production services in the end of the accounting period as well as to account 33

"Equipment use expenses" as to the kinds of equipment of a conditional digital network prepared by the engineering services on the annual basis. Expenses are distributed by the types of equipment according to the calculated data of the engineering services on the involvement of equipment in principal production processes.

Expenses collected on account 33 "Equipment use expenses" are distributed to account 20 "Principal production" as to the objects of calculation (services) according to the data of the engineering services on the intensity and duration of use of each kind of equipment in the provision of a specific service, which are calculated in the beginning of each year or in case of substantial changes in the communications network topography.

To calculate the prime cost of services, works, products relating to non-core activities, the actual expenses on the services provided, works finished and products manufactured and transferred to the warehouse, which expenses are collected on accounts 23 "Auxiliary productions" and 29 "Ancillary productions and units" are written off to account 43 "Finished products" (in case finished products are issued), relevant accounts of production processes (in case services are provided or works performed for the primary activities) or account 90 "Sales", sub-account 90-04 "Prime cost of sales on ancillary activities" (in case services (works) are provided (performed) for outside parties). The balance of the debit of accounts 23 "Auxiliary productions" and 29 "Ancillary productions and units" reflects the cost of the balance of work in process.

Expenses referred to account 32 "Joint production processes" are written off in the end of the accounting period to accounts 20 "Principal production" pro rata the expenses referred to the relevant accounts.

Expenses for providing communications services, collected on account 20 "Principal production" by the kinds of services, are fully written off in the end of the accounting period to account 90 "Sales", sub-account 90-02 "Prime cost of sales (on primary activities)" with analytical records of the objects of calculation (services).

The method of accounting and calculating the prime cost of products (works, services) relating to non-core activities is established by the Company on its own as recommended by the industry instructions applicable to the industries to which the non-core activity relates.

The expenses of ancillary productions and units on their activities (sale, free transfer, services for other divisions of the Company) are distributed in proportion to direct expenses.

The cost of fixed assets worth up to 10,000 rubles a piece, written off to production (selling) expenses, is recognized as expenses of a tangible nature as these fixed assets are issued for production.

2.7. Prepaid expenses accounting

Prepaid expenses are such expenses which are recognized in the accounting period but cannot be included in the prime cost of sold services, works, products of this accounting period, for example:

- expenses for launching new productions or products before the facts of sale;
- expenses on future vacation pays;
- license expenses;
- property insurance expenses;
- expenses for acquiring software and databases under contracts of sale or barter, unless these assets meet the conditions for intangible assets;
- expenses on the early purchase of property under leasing contracts;
- other expenses.

The prepaid expenses are to be evenly written off using the relevant coverage sources during the period to which they relate. In case it is impossible to determine with certainty the period during which the expense must be written off, such period is established by an ad hoc commission and approved by the order of the Director General or the authorized person.

For reporting purposes, the expenses for acquiring software and databases as well as expenses on the early purchase of property under leasing contracts are classified as other non-circulating assets.

2.8. Accounting of settlements

Non-monetary settlements are reflected in the accounting records separately, using account 76.15).

The long-term debts payable and receivable are referred to the short-term debts at the time when according to the contract the debt is due in 365 days.

For reporting purposes, advances of the capital nature are classified as other non-circulating assets.

2.9. Accounting of credits and loans received

The long-term debts on credits and loans received are referred to the short-term debts (on the relevant sub-account of account 66 "Settlements on short-term credits and loans") at the time when according to the loan and/or credit contract the principal amount of the debt is due in 365 days.

If the Company receives a long-term loan under a contract providing for a periodical repayment of the loan amount, then at the time when each portion of the loan becomes due in 365 days it is referred to the short-term portion of the long-term debts on the relevant sub-account of account 66 "Settlements on short-term credits and loans".

In case an agreement is concluded for the extension of the short-term loan contract or postponement of the maturity date of the short-term portion of the long-term debt so that the loan or its portion becomes due in more than 365 days, the amount of indebtedness on the loan or a portion thereof must be referred from the short-term debts to the long-term debts (relevant sub-account of account 67 "Settlements on long-term credits and loans").

The income payable to the lender in the form of interest accrues evenly (on the monthly basis) at the rate set in the contract. If under the contract terms interest is not paid on the last day of the month, debt to the creditor should be increased by the sum of the interest as of the end of the month.

For loans received by the Company in money by issuing bills of exchange, the amount of discount payable to the bill holder is referred to prepaid expenses and subsequently written off to operating expenses on the monthly basis in equal portions during the term of the bills of exchange.

For bills of exchange with the reservation "at sight but not earlier", used as the term based on which the discount is determined as at the end of the accounting period is the intended term of the bills of exchange determined in accordance with the bills of exchange legislation (365 (366) days plus the period from the date of the bill of exchange till the earliest date of presentation for payment).

For loans received by the Company in money by issuing bonds, in case the bonds issued are sold at a price other than their par value (with a discount), the amount of discount is referred to prepaid expenses and subsequently written off to operating expenses on the monthly basis in equal portions during the term of the bonds.

Additional expenses connected with the receipt of loans and credits, placement of loan obligations are included in the operating expenses in the accounting period in which these expenses were made.

Under the received credits and the loans expressed in foreign currency and subject to repayment in rubles, cost of obligations in the sum of the primary debt and interest due to payment shall be recalculated at the exchange rate of the Central bank of the Russian Federation as of the accounting date.

2.10. Accounting of intra-company settlements and provision of information by detached divisions

To keep records of the intra-company circulation, the Company uses account 79 "Intra-company settlements".

All financial and economic operations between the divisions of the Company are performed on the basis of notices (letters of advice) via the superior management level. Operations between the divisions of branches are performed through the relevant branches. Operations between branches are performed through the General Management of the Company.

2.11. Creation of special-purpose funds

The Company does not create funds using the retained profit of the year under report, except when legislation or constituent documents of the Company provide for the creation of these funds. In this case the procedure of creation and use of these funds is determined based on the decision of the General Shareholders' Meeting of the Company subject to the requirements of the Law "On Joint-Stock Companies".

2.12. Creation and use of reserves

The Company creates the following reserves:

- financial investments depreciation reserve (as of the year-end);
- doubtful debts reserves (on the quarterly basis);
- tangibles depreciation reserve (as of the year-end);
- future expenses reserves (on the quarterly basis);
- conditional liabilities reserve (as of the end of the accounting year).

The doubtful debts reserve is created on the quarterly basis before the preparation of accounting reports on doubtful debts.

The doubtful debts reserve is created based on the inventorying of debts receivable. The doubtful debts are ones, which are not repaid in the time, specified in the contract and are not secured by a pledge, surety, bank guarantee.

Taking into account that an individual analysis of each doubtful debt on communications services at communications enterprises is impossible because of the large number of subscribers, the reserve is created for the amount of 100% of all outstanding debts which as at the reserve creation date are 90 or more days overdue. No reserve is created for the debts, which are less than 90 days overdue.

2.13. State aid accounting

The state budget allocations (subventions, subsidies) are recognized in the accounting records as the funds and resources other than funds are actually received.

2.14. Financial investments accounting

The financial investments are classified for accounting purposes by the kinds of investments and their terms.

In case of sale, other retirement, including redemption, of securities the retiring issueable securities are valued under the FIFO method and the retiring non-issuable securities are valued according to the actual value of each security.

By their term, the financial investments are divided into:

- **long-term investments** – such investments which are made with the intention to receive incomes thereon for more than 12 months after the accounting date, if their fixed period exceeds 12 months after the accounting date;
- **short-term investments**:

- investments made without the intention to receive incomes thereon for more than 12 months;
- investments whose fixed period does not exceed 12 months after the accounting date;
- securities acquired for resale, regardless of their period.

Long-term financial investments are to be referred to the short-term ones:

- as the result of change of the intentions to receive income on them for more than 12 months after the accounting date;
- if they become mature in not more than 12 months after the accounting date.

The short-term financial investments the maturity period of which exceeds 12 months after the accounting date are to be referred to the long-term ones (on the relevant sub-account) in case of change of the initial intention to receive income on them for not more than 12 months after the accounting date.

Investments are classified as to their term by the unit (person) appointed by the order of the Company General Director and this classification is stated in the document prepared on the Company-approved form and transferred to the accounting department.

The original cost of financial investments acquired for payment is formed in the amount of actual acquisition expenses.

The original cost of financial investments acquired under contracts providing for payment in rubles in the amount equivalent to an amount in foreign currency (conditional monetary units) is formed with allowance for the differences in amounts arising before the acceptance of assets as financial investments.

For debentures, the difference between the actual security acquisition expenses and the par value of this security is not referred to the financial results.

The cost of the financial investments whose current market value may be determined according to the established method is adjusted as of the end of the year under report.

2.15. Accounting of expenses on research-and-development and technological works

For reporting purposes, the finished research-and-development and technological works the results of which are not liable to legal protection under effective legislation or are liable to legal protection but are not documented according to the statutory regulations are classified as other non-circulating assets.

The research-and-development expenses are linearly written off to expenses on ordinary activities from the 1st day of the month following the month in which the actual use of the results in the manufacture of products, provision of services or for the management needs began.

The amortization period for the research-and-development expenses is established upon the completion of these works by an ad hoc commission and is approved by the order; this period cannot exceed the period during which economic benefits (incomes) are expected, subject to a maximum of 3 years.

7.5. Data on the Total Amount of Exports and on the Share of Exports in the Total Volumes of Sales

The Issuer does not export any services

7.6. Value of Issuer's Real Estate and Data on Essential Changes that Have Taken Place in the Composition of Issuer's Property after the Date of Expiry of the Last Completed Fiscal Year

Description	30.06.2005
Total value of real estate, RUR	16, 428, 313, 038.06
Depreciation charges, RUR	3, 891, 525, 409.11

Information about the valuation of real estate.

During 12 months before the date of the end of the quarter under report, no valuation of real estate owned or leased by the Issuer on a long-term basis.

Data on any essential changes that have taken place in the composition of Issuer's immovable property as well as on any acquisitions or retirement of any other property of the Issuer, if the balance sheet value of such property exceeds 5% of the balance sheet value of the Issuer's assets, and data on any other essential changes that have taken place in the composition of Issuer's property after the date of expiry of the last completed fiscal year till the expiry date of the quarter under report

There have been no essential changes.

7.7. Data on Issuer's Participation in Any Court Proceedings, if Such Participation May Materially Affect Financial or Economic Operation of the Issuer

Data on Issuer's Participation in Any Court Proceedings (with indication of imposed sanctions), if Such Participation May Materially Affect Financial or Economic Operation of the Issuer, during the three years preceding the expiry date of the quarter under report.

"UTK" PJSC did not take part in any court proceedings, the results of which might materially affect the financial and economic operation of the Company.

VIII. Extra Data on the Issuer and the Issued Securities Placed by the Issuer

8.1. Extra Data on the Issuer

8.1.1. Data on the Amount and Structure of the Authorized Capital (Unit Fund) of the Issuer

Amount of the Issuer's authorized capital as of the date of the expiry of the last quarter under report (rubles): **1, 297, 779, 384.66**

Category	Number, shares	Par value, RUR	Total par value, RUR	Share in the Issuer's authorized capital, %
Common stock	2,960,512,964	0.33	976,969,278.12	75.280074
Preferred stock	972,151,838	0.33	320,810,106.54	24.719926
TOTAL	3,932,664,802	0.33	1,297,779,384.66	100.00000

Data on the part of the Issuer's shares circulating outside the Russian Federation:

Category of stock circulating outside the Russian Federation: *ordinary shares*

Percentage of stock circulating outside the Russian Federation in the total number of the stock of the respective category: **4.21 % (as of 31.06.2005).**

Name and location of the foreign issuer whose securities certify the rights in respect of the Issuer's shares of the respective category:

Name: *"JPMorgan Chase Bank "*

Location: *Morgan Guaranty Trust Company of New York ADR Department, 60 Victoria Embankment, London EC4Y 0JP, United Kingdom*

Brief description of the program (type of program) for the issue of foreign issuer's securities certifying the rights in respect of the stock of the respective category:

Level 1 ADR program was established on February 5 1998 according to which ordinary

registered shares of "Southern Telecommunications Company" PJSC are traded. On April 23, 2002 the Company's Level 1 ADR program was transferred from The Bank of New York to JP Morgan Chase Bank, which at present is the Company's ADR Depository. The Deposit Agreement among the Company and JP Morgan Chase Bank was signed on April 22, 2002 and restated on December 15, 2002 in connection with reorganization.

One unit of American Depository Receipt represents 50 common shares of the Company.

Total amount of emissive securities in circulation outside the Russian Federation is 2,102,078,765 shares; their total nominal value reaches 693, 685, 992.45 rubles.

Data on obtaining permission from the Federal Commission for circulation of issuer's stock of the respective category outside the Russian Federation:

According to the Decree of FCSM № 1819/r of 24.12.2002 circulation of "UTK" PJSC common registered non-documentary shares outside the Russian Federation is permitted in the form of securities of foreign issuers issued under foreign legislation and certifying the rights in respect to UTK's registered non-documentary ordinary shares.

Name of foreign professional participants of the securities market (organizer of trade) through whom foreign issuer's securities certifying the rights in respect of issuer's shares circulate:

The Company's ADRs are quoted in the US over-the-counter market, and in Europe – Frankfurt and Berlin Stock Exchanges and NEWEX (Vienna, Austria)

Name	CUSIP (WKN)	ADR ticker	ISIN
US over-the-counter market (OTC USA)	843899105	STJSY	S1843899105
Frankfurt Stock Exchange (FWB)	912640	KUE	US5011671006
Berlin Stock Exchange	912640	KUBNy	US8438991056
NEWEX (Vienna, Austria)	912640	KUE	US8438991056

Other data on the Issuer's shares circulating outside the Russian Federation specified at the issuer's own discretion:

No other data

8.1.2. Data on Changes in the Amount of the Authorized Capital (Unit Fund) of the Issuer

Data on the Amount and Structure of the Authorized Capital of the Issuer and its changes during the last five complete financial years preceding the date of expiry of the quarter under report as well as during the reporting quarter:

Amount and structure of the authorized capital as at the beginning of the period, RUR	Name of the Issuer's governing body which took the decision on the change of the authorized capital	Date and number of the minutes of the meeting (session) of the Issuer's governing body at which the decision on the change of the authorized capital was taken	Amount of the authorized capital after the change, RUR	Character of the change
<i>01.01.2000 - no changes</i>				
<i>01.01.2001 – no changes</i>				
2002				
506,142,862.50 Common stock: 1,150,323,325 Total volume (RUR): 379,606,697,25 Share in the authorized capital: 75.00 % Preferred stock: 383,442,925 Total volume (RUR): 1 265 361 65.25 Share in the authorized capital: 25.00 %	General Shareholders' Meeting	Minutes of the General Shareholders' Meeting №10 of 30.05.2001	506,142,862.50	Conversion at split-up (change in structure)

Amount and structure of the authorized capital as at the beginning of the period, RUR	Name of the Issuer's governing body which took the decision on the change of the authorized capital	Date and number of the minutes of the meeting (session) of the Issuer's governing body at which the decision on the change of the authorized capital was taken	Amount of the authorized capital after the change, RUR	Character of the change
506,142, 862.50 Common stock: 1,150,323,325 Total volume (RUR): 379,606,697.25 Share in the authorized capital: 75.00 % Preferred stock: 383,442,925 Total volume (RUR): 1 265 361 65.25 Share in the authorized capital: 25.00 %	Board of Directors	Minutes of the Board of Directors №16 of 18.11.2002	1,297,779,384.66	Conversion at reorganization
2003				
1,297,779,384.66 Common stock: 2,960,512,964 Total volume (RUR): 976,969,278.12 Share in the authorized capital: 75.28 % Preferred stock: 972,151,838 Total volume (RUR): 320,810,106.54 Share in the authorized capital: 24.72 %	Board of Directors	Minutes of the Board of Directors №16 of 18.11.2002	1,297,779,384.66	Conversion at reorganization
2004– no changes				
2nd quarter 2005– no changes				

8.1.3. Data on Formation and Use of the Reserve and other Funds of the Issuer

Name of the fund: *pursuant to the Federal Law "On Joint –Stock Companies" the Issuer shall establish the reserve fund.*

Size of the fund stipulated by the constituent documents: *5 percent of the legal capital.*

The Company shall pay the compulsory annual contributions being not less than 5 percent of the net profit into the reserve fund until it reaches the prescribed size.

The objective of the reserve fund shall be covering the Company losses, redeeming the Company's bonds and repurchasing the Company's shares should other assets be insufficient.

Reserve fund shall not be used for any other purpose.

Description	30.06.2005
Reserve fund	
Size of the fund in money terms, RUR	64,889,000
Percentage of the reserve fund in the authorized capital, %	5.00
The size of deductions to the fund during the reporting period, RUR	0
Money from the fund used during the year, RUR	0
Purpose of the fund's usage	-

8.1.4.Data on the Procedure of Calling and Holding the Meeting of the Supreme Governing Body of the Issuer

Name of the supreme governing body of the issuer: ***General Shareholders' Meeting***

Procedure of notifying the shareholders (participants) on holding the meeting of the supreme governing body of the issuer:

Notice of the General Shareholders' Meeting shall be given not later than 30 days before its opening. Should the proposed agenda of the Extraordinary General Shareholders' Meeting include the issue on election of the Company Board of Directors, notification of the Extraordinary General Shareholders' Meeting shall be made not later than 50 (fifty) days before the meeting.

Should an Extraordinary General Shareholders' Meeting be convened upon request of the Company's Auditing Commission, Auditor as well as of any shareholder or group of shareholders owning at least 10 percent of the Company's voting shares, notice of the Extraordinary General Shareholders' Meeting should be given not later than 20 days before its opening.

The Company aims at notifying about holding a shareholders meeting not later than 30 days from the date of the meeting irrespective of the questions, included into agenda, if greater terms are not stated by the law.

Notification of the General Shareholders' Meeting shall be sent to each person from the list of persons entitled to take part in the General Shareholders' Meeting by registered mail or delivered to each of the abovementioned persons personally (provided that a signed acknowledgement of receipt is obtained), or published in the newspaper "Rossiyskaya Gazeta".

Parties (bodies) entitled to call (demand holding) an extraordinary meeting of the issuer's supreme governing body, and procedure of sending (presenting) such demands:

An extraordinary General Shareholders' Meeting shall be held upon decision of the Board of Directors on the basis of its own initiative; demand of the Company's Auditing Commission, Company's Auditor, or shareholder(s) holding at least 10 per cent of the Company's voting shares as of the date the demand is presented. Extraordinary General Shareholders' Meeting upon request of the Company's Auditing Commission, Company's Auditor, or shareholder(s) holding at least 10 per cent of the Company's voting shares is called by the Company's Board of Directors.

Requests on calling the Extraordinary General Shareholders' Meeting shall be delivered:

by mail to the address (seat) of the personal executive organ of the Company contained in the Single State Register of Legal Entities;

personally (provided that a signed acknowledgement of receipt is obtained) to the person acting as the Company's individual executive body, Chairman of the Company Board of Directors, Corporate Secretary of the Company or any other person being authorized to receive the written correspondence addressed to the Company;

by facsimile transmission.

Request on convening the Extraordinary General Shareholders' Meeting shall include information provided by Article 55 of the Federal Law "On Joint Stock Companies". Proposal on nominating candidates to the Company's bodies to be elected by the General Shareholders' Meeting being included into the request on calling the Extraordinary General Shareholders' Meeting shall follow the provisions set by Article 53 of the Federal Law "On Joint Stock Companies".

Requests on holding the Extraordinary General Shareholders' Meeting shall be considered received from the shareholders or their proxies who signed them.

Should the request on holding the Extraordinary General Shareholders' Meeting be sent by non-registered letter or other non-registered mail, date at the postmark confirming the date of

receiving shall be considered the date of making the request. Should the request on holding the Extraordinary General Shareholders' Meeting be send by registered letter or other registered mail, date of its delivery to the addressee (provided that a signed acknowledgement of receipt is obtained) shall be considered the date of making the request.

Procedure of fixing the date of holding the meeting of the Issuer's supreme governing body:

An annual General Shareholders' Meeting shall be held not earlier than four months and not later than six months after the termination of the fiscal year.

When preparing the General Shareholders' Meeting the Board of Directors of the Company shall determine:

- *Form of the General Shareholders' Meeting;*
- *Date, venue and time of the General Shareholders' Meeting as well as postal address for delivery of duly executed voting papers, in case the General Shareholders' Meeting being held by absentee voting – cut-off date of receiving the voting instruction cards and postal address for delivery of duly executed voting papers;*
- *Starting time of registration of the shareholders entitled to take part in the General Shareholders' Meeting;*
- *Cut-off date (date of making list of the shareholders entitled to take part in the General Shareholders' Meeting);*
- *Agenda of the General Shareholders' Meeting;*
- *Type (types) of preferred shares granting their holders the right to vote on the agenda issues of the General Shareholders' Meeting;*
- *Procedure for informing the shareholders on the General Shareholders' Meeting;*
- *List of information and materials to be submitted to shareholders when preparing the General Shareholders' Meeting and order of their presentation.*
- *Form and wording of a voting instruction card*

Extraordinary General Shareholders' Meeting to be convened at the request of the Auditing Commission, the Company's Auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares shall be held within the 40-days period from the date of presenting the request to hold an Extraordinary General Shareholders' Meeting.

Should the agenda of Extraordinary General Shareholders' Meeting to be convened at the request of the Auditing Commission, the Company's Auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares include the issue on election of the Board of Directors, the Extraordinary General Shareholders' Meeting shall be held within the 70-days period from the date of presenting the request to hold an Extraordinary General Shareholders' Meeting.

When the number of the Board of Directors members becomes less than the quorum sufficient for conducting the Board of Directors meetings, Extraordinary General Shareholders' Meeting to be convened upon the decision of the Company's Board of Directors on the basis of its own initiative in order to consider the issue on election of the Board of Directors shall be held within 70-days period from the date of taking the decision by the Board of Directors to hold it.

Parties entitled to put forward motions to the agenda of the meeting of the supreme governing body of the issuer, procedure of putting forward such motions:

Shareholder(s) holding in the aggregate at least 2 per cent of the Company's voting shares are entitled to put forward motions to the agenda of the annual General Shareholders' Meeting and to propose candidates to the Board of Directors of the Company and to the Auditing Commission of the Company, the number of which may not exceed the number of members of the respective body as established by the Company's Charter. Such proposals shall be received by the Company within 60 (sixty) days after the termination of the fiscal year.

When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda, any shareholder or group of shareholders that owns 2 percent or more of the Company's total number of voting shares shall be entitled to nominate candidates to the Board of Directors in number not exceeding its quantitative structure determined by the present Charter. The names of candidates shall be submitted to the Company 30 days before the date of the extraordinary General Shareholders' Meeting at the latest.

Proposals on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies to be elected by the General Shareholders' Meeting, and the requests on calling the Extraordinary General Shareholders' Meeting shall be delivered:

by mail to the address (seat) of the personal executive organ of the Company contained in the Single State Register of Legal Entities;

personally (provided that a signed acknowledgement of receipt is obtained) to the person acting as the Company's individual executive body, Chairman of the Company Board of Directors, Corporate Secretary of the Company or any other person being authorized to receive the written correspondence addressed to the Company;

by facsimile transmission.

If the proposal on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies elected by the General Shareholders' Meeting is sent by mail, date at the postmark confirming the date of sending shall be considered the date of making the proposal.

When the proposal on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies to be elected by the General Shareholders' Meeting, or the request on calling the Extraordinary General Shareholders' Meeting is delivered personally (provided that a signed acknowledgement of receipt is obtained), date of such delivery shall be considered the date of making the proposal or request.

Parties entitled to get familiarized with the information (materials) provided for preparation and holding of the meeting of the supreme governing body of the Issuer, and procedure of getting familiarized with such information (materials):

The following information (materials) is provided to the persons entitled to participation in the General Shareholders' Meeting according to the procedure and to the address (es) indicated in the notification of the General Shareholders' Meeting:

- annual accounts and statements, including the auditor report and the conclusion of the Auditing Commission of the Company on the results of the audit of the annual accounts and reports;

- data on candidates to the Company's Board of Directors and the Company's Auditing Commission;

- draft amendments and additions to the Company's Charter or new edition of the Company's draft Charter;

- draft internal regulations of the Company;

- other draft documents, the adoption of which is provided for by draft resolutions of the General Shareholders' Meeting;

- draft resolutions of the General Shareholders' Meeting;

- other information (materials) required for submission in compliance with the active law;
- other information (materials) for taking decisions on the issues of the agenda of the General Shareholders' Meeting, included by the Board of Directors in the list of information (materials) provided to shareholders during preparation for the General Shareholders' Meeting.

8.1.5. Data on Commercial Organizations, in Which the Issuer Holds not Less Than 5 Per Cent of the Authorized Capital (Unit Fund) or at Least 5 Per Cent of Common Stock

№	Full registered name	Abbreviated registered name	Location	The Issuer's stockholding in the authorized capital of the company, %	Share of the company's common stock owned by the Issuer, %	The company's stockholding in the authorized capital of the Issuer, %	Share of the Issuer's common stock owned by the company, %
1	"Armavir Communication Facilities Plant" Closed Joint-Stock Company-Branch Establishment	"Armavir Communication Facilities Plant" CJSC	1a, Urupskaya St., Armavir, Krasnodar Region, 352903	100	100	none	none
2	Closed Joint-Stock Company "Yugsvyazstroy"	CJSC "Yugsvyazstroy"	110/1, Ayvazovskogo St., Krasnodar, 350040	100	100	none	none
3	Open Joint-Stock Company "Health-care center "Orbita"	"Health-care center "Orbita" OJSC	Village Olginka, Tuapse district, Krasnodar Krai 352840	100	100	none	none
4	"Intmashservice" Company with Limited Liability	"Intmashservice" LLC	8, Golubinskaya Str., Volgograd, 400131	100	-	none	none
5	"Factorial-99" Company with Limited Liability	"Factorial-99" LLC	47, Bratskiy per., Rostov-on-Don 344082	100	-	0.00005 %	none
6	"UTK-Finance" Company with Limited Liability	"UTK-Finance" LLC	66, Karasunskaya St., Krasnodar 350000	100	-	none	none
7	Open Joint –Stock Company "Kuzminov Stavtelecom"	OJSC "Kuzminov Stavtelecom"	10/12, Oktyabrskoi Revolutsii Pr., Stavropol, Stavropol Territory 355035	81	81	none	none
8	Closed Joint –Stock Company Teleradiokompaniya "Foton"	CJSC TRK "Foton"	30, Zheleznodorozhnaya St., Krasnodar, Krasnodar krai, 350033	50.5	50.5	none	none
9	Company with Limited Liability Creative Association "Accent"	TO "Accent" LLC	68, Krasnoarmeiskaya St., Krasnodar, Krasnodar krai, 350000	51	51	none	none
10	Closed Joint –Stock Company "Volgograd-GSM"	CJSC "Volgograd-GSM"	19d, Kommunisticheskaya St., Volgograd, 400131	50	50	0.015	0.004
11	Closed Joint –Stock Company "Stavropolskaya sotovaya svyaz"	CJSC "SSS"	10/12, Oktyabrskoi Revolutsii Pr., Stavropol, Stavropol Territory 355035	50	-	none	none
12	Closed Joint –Stock Company "TeleRoss-Volgograd"	CJSC "TeleRoss-Volgograd"	16, Mira Str., Volgograd 400 131	50	50	none	none

№	Full registered name	Abbreviated registered name	Location	The Issuer's stockholding in the authorized capital of the company, %	Share of the company's common stock owned by the Issuer, %	The company's stockholding in the authorized capital of the Issuer, %	Share of the Issuer's common stock owned by the company, %
13	Closed Joint –Stock Company "TeleRoss-Kubanelectrosvyaz"	CJSC "TeleRoss-Kubanelectrosvyaz"	51, GimnazicheskayaSt., Krasnodar, 350000	50	50	none	none
14	Closed Joint –Stock Company "ZanElCom"	CJSC "ZanElCom"	Office 2, 7, Novolesnaya Str., Moscow 103055	45	45	none	none
15	"Yug-Giprosvyaz" Company with Limited Liability	"Yug-Giprosvyaz" LLC	67, Gagarin Str., Krasnodar 350062	24	-	none	none
16	Closed Joint –Stock Company "Telekompania IR"	CJSC "Telekompania IR"	2-a, Osetinskaya gorka Str., Vladikavkaz RSO-A 362007	23.5	23.5	none	none
17	Closed Joint –Stock Company "Kabardino-Balkarski GSM"	CJSC "Kabardino-Balkarski GSM"	14, pr. Shogentsukova, Nalchik, 360051	20	20	none	none
18	Closed Joint –Stock Company "Karachaevo-CherkesskTeleSot"	CJSC "Karachaevo-CherkesskTeleSot"	147, Lenin pr., Cherkessk, Karachaevo-Cherkessian Republic, 369000	20	20	none	none
19	Closed Joint –Stock Company of Russian documental communication "Rostelegraph"	CJSC "Rostelegraph"	7, Tverskaya Str., Moscow 103375	15.68	15.68	none	none
20	Joint –Stock Commercial Bank "Krasnodarbank"	AKB "Krasnodarbank"	70, Karasunskaya St., Krasnodar, 350000	13.5	13.5	none	none
21	Closed Joint –Stock Company "Startcom"	"Startcom" CJSC	6, 2 nd Spasonalikovski per., Moscow 117909	11.1	11.1	none	none
22	Open Joint –Stock Company "Informatsionnie tekhnologii svyazi"	"Svyazintech" OJSC	Building 2, 55, Plyushchikha Str., Moscow, 119121	11	11	none	none
23	Closed Joint –Stock Company, Astrakhan TV and Radio Broadcasting Independent Company "TRANK"	CJSC "TRANK"	3, Studencheskaya Str., Astrakhan 414004	10	10	none	none
24	"Astrakhan-Page" Company with Limited Liability	"Astrakhan-Page" LLC	16, Trusova Str., Astrakhan 414000	10	-	none	none
25	Closed Joint –Stock Company "Nalchikskaya Sotovaya Set"	CJSC "NSS"	14, pr. Shogentsukova, Nalchik, 360051	6	6	none	none

8.1.6. Data on Material Transactions Concluded by the Issuer

Any material transactions (groups of interrelated transactions) the amount of commitments under which is 10 and more per cent of the balance value of the issuer's assets according to its accounts for the last completed period under report, preceding the date of the transaction:

In the 2nd quarter of 2005 material transactions the amount of commitments under which is 10 and more per cent of the balance value of the issuer's assets were not concluded.

8.1.7. Data on Credit Ratings of the Issuer

Information on assignment to the Issuer and-or securities of the Issuer of a credit rating (ratings) during the last 5 completed financial years:

Object of assigning the credit rating: **Issuer**

a) Credit rating as at the date of expiry of the quarter under report:

Long-term corporate credit rating "CCC+" according to international standards

Long-term corporate credit rating "ruBB" according to Russian standards

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
27.12.2001	Long-term local and foreign currency corporate credit ratings "CCC+"
02.04.2003	Raise of long-term corporate credit rating to 'B-' from 'CCC+'.
06.08.2003	Assignment of long-term corporate credit rating "ruBBB" according to Russian standards
10.02.2004	Outlook of UTK ratings was changed from "Stable" to "Negative". "B-" long-term corporate credit rating of "Southern Telecommunications Company" PJSC according to international standards was confirmed. Russia national scale rating of PJSC "Southern Telecommunications Company" was decreased from "ruBBB" to "ruBBB-".
02.02.2005	Long-term corporate credit rating of "Southern Telecommunications Company" PJSC according to international standards was decreased from "B-" to "CCC+". Russia national scale rating of PJSC "Southern Telecommunications Company" was decreased from "ruBBB-" to "ruBB".

Full and abbreviated registered names, location of organization that assigned the credit rating:

Company " Standard & Poor's International Services Inc." (Standard & Poor's)

Location: ***9th floor, 11, Gogolevskiy bulvar, Moscow, 121019.***

Brief description of the method of assigning the credit rating:

Issuer's credit rating according to Standard & Poor's international scales expresses the current opinion on general credit capacity of the Issuer of bonds, underwriter or guarantee, business partner, its ability and intention to service its debt in full and in due time.

Standard & Poor's assigns ratings on the basis of transparent methodology taking into consideration quantitative and qualitative factors, financial risks and business risks only if there is sufficient information.

Depending on categories of issuers and type of rating, there are different methods of Standard & Poor's rating assignment. Thus, in the case of companies, the characteristics of the business (market, position in competition, management and strategy) are analyzed, as well as the financial profile (financial policy, profitability, capital structure, cash flow indices, financial flexibility).

Standard & Poor's Russian national credit rating scale serves issuers, insurers, counter parties, intermediaries and investors in the Russian financial market by providing both Debt Credit Ratings which apply to a specific debt instrument, and Enterprise Credit Ratings which apply to an obligor (i.e., borrower, guarantor, insurer, or other provider of credit enhancement). The Russian national credit rating scale uses Standard & Poor's global rating symbols with the addition of "ru" prefix to denote "Russia" and the scale's focus on Russian financial markets. The criteria employed for determining ratings on the Standard & Poor's Russian National Scale are broadly similar to those employed on the Standard & Poor's Global Scale.

However, certain direct sovereign risk considerations weigh less heavily on the Standard & Poor's Russian National Scale than on the global scale. For example, some types of sovereign risk considerations that can adversely affect all Russian obligors equally are not considered within the bounds of Standard & Poor's National Scale. Indeed, sovereign risk is examined only in a local context relative to the credit risk of other Russian obligors. As a result, the Standard & Poor's Russian National Scale is not directly comparable to Standard & Poor's global scale or to any other national rating scale.

Other information about the credit rating specified at the Issuer's own discretion:

The rating action of 02.04.2003 reflects the net benefits of the merger of Southern Telecom with nine other fixed-line incumbents in the southern region of Russia that are controlled by the state-owned holding Syzinvest. The merger has resulted in a stronger competitive position and improved business profile for the company. The outlook is stable. The new company--which had approximately 3x greater revenues of about \$331 million in 2002 --should benefit from its larger scale by receiving better terms from vendors of telecoms equipment. The merger will also give it a stronger market position that is less vulnerable to weaknesses in a particular area or customer segment, and make it easier to access capital markets.

Offsetting these gains to some extent is the fact that the enlarged service area has marginally less attractive average market characteristics and will require integration work and additional investments to reconcile and improve network characteristics to a more uniform level across the whole area. It is expected that Southern Telecom will continue with its structural reorganization, management improvement, and network modernization, and that it will execute its business plan without materially weakening its financial profile and ability to service its debt obligations.

A manageable increase in debt is already factored into the rating on Southern Telecom. The rating assumes, however, that operating cash flow will be sufficient to service debt in the short-term and that the company can return to free operating cash flow generation in the medium term as network investments are completed.

On August 6, 2003 Standard & Poor's assigned its "ruBBB" Russia national scale rating to "Southern Telecommunications Company" PJSC. At the same time Standard & Poor's assigned its "ruBBB" Russia national scale rating to "UTK" PJSC proposed Russian ruble 1.5 billion senior unsecured bond issue due 2006. The proceeds from the bond issue will be used to finance RUR 5 billion capital expenditure program in 2003 which will further upgrade the company's outdated network and expand its network capacity.

The ratings continue to be supported by "UTK" PJSC dominant market share as the main provider of essential telecoms services in the southern region of the Russian Federation and progress in enabling the provision of a wider range of higher-quality services. Standard & Poor's expects "UTK" PJSC to increase its debt to a manageable level without materially weakening its financial profile and ability to service its debt obligations.

On 10.02.2004 Standard and Poor's changed the outlook of UTK ratings from "Stable" to "Negative" that reflected expectations of the rapid growth of a negative operating cash flow and debt obligations in 2003.

At the same time Standard and Poor's confirmed its "B-" long-term credit rating of "UTK" PJSC according to international scale, but decreased Russia national scale credit ratings of the Company and its senior unsecured bond issues from "ruBBB" to "ruBBB-".

Credit analyst of Standard and Poor's Pavel Kochanov noted: "Increase in a negative free operating cash flow and debt obligations has exceeded initial expectations of Standard and Poor's;

similar changes in financial position of "UTK" PJSC can be continued in 2004".

The aggressive investment policy is aimed at essential increase in revenues from traditional telecommunications services and new non-regulated telecommunications services, however Standard and Poor's believes, that impact of capital investments on revenue growth and profitability of the Company in the next several years are uncertain at the given stage. Demand for new telecommunications services due to which the Company expects to increase proceeds, and also revenue growth from extension of the subscriber base can appear not so optimistic.

As of 30 September 2003 (according to RAS) total debt of the Company made 8.44 billion roubles. Standard and Poor's assumes, that the size of the debt could increase up to 12 billion rubles, and total debt to EBITDA ratio as of 31 December 2003 could exceed 2.5 times.

"The aggressive financial policy will probably continue to result in debt growth and significant negative free operating cash flow in the immediate future, - Pavel Kochanov added. - Ability of the Company to increase revenues and profitability by means of the intensive investment program while maintaining satisfactory liquidity level will be the key factor for the Company's rating within one year".

6) Credit rating as at the expiry date of the quarter under report:

Long-term national- scale credit rating of Baa3 (rus).

Short-term Russia- scale credit rating of RUS-3.

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
12.04.2004	Interfax Rating Agency in association with Moody's Investors Service assigned a long-term national- scale credit rating of Baa3 (rus) and short-term rating of RUS-3 to "Southern Telecommunications Company" PJSC.

Full registered name of organization that assigned the credit rating: **private Joint –Stock Company "Interfax Rating Agency"**

Abbreviated registered name: **CJSC "RA Interfax"**

Location: **building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006**

Brief description of the method of assigning the credit rating:

Issuer's credit rating expresses the current opinion on its ability and intention to service its debt in full and in due time.

Interfax rating agency (IRA) assigns credit ratings to the Russian companies according to national scale of the agency. Credit rating of IRA is an instrument allowing local investors to differentiate credit risks of various Russian borrowers as well as their obligations. Such borrowers and obligations can turn out to be indistinguishable when using international ratings, which take into consideration country risks. IRA national scale credit ratings do not take into account some country risks, in particular, risk of introduction of governmental restrictions on transfer of foreign currency abroad, as well as other system-defined risks relating equally to all borrowers in Russia.

Quantitative analysis plays an important role when assigning credit rating to a company, however assignment of a credit rating is not reduced to application of some universal formula including a number of quantity indicators. IRA pays special attention to qualitative analysis of existing and future credit risks to which companies and their obligations are subject. Experts of IRA make their final opinion on a company's credit status on the basis of the qualitative analysis of risk factors and possible changes in the environment of the company's activity which may result in the company's default on its obligations. Great attention is paid to comparison of the company being under rating procedure with other companies of the sector and-or special group of companies. The main object of the analysis is the company's ability to generate cash flow sufficient for financing urgent investments, dividend payments and debt service.

When assigning a credit rating, experts of IRA usually rely on the information about the activity of a company being under rating procedure including on its financial accounts for the last 3-5 years as well as use corresponding forecasts both of a company's specialists and of its own.

The basic aspects of the analysis of companies' credit status are the following:

- *sector risks,*
- *political and regulatory risks,*
- *market position of the company and its business efficiency,*
- *management quality,*
- *ownership structure,*
- *financial risk.*

Other data on the credit rating specified by the Issuer at its own discretion:

Credit ratings have been assigned in association with international rating agency Moody's Investors Service.

The rating reflects UTK's strong position on the telecommunications market of the Southern Federal District; the company's strengthening position on the fast-growing and lucrative segment of the market for new communications services; improved technical condition of networks; and opportunity to receive support from the state. The rating is constrained by government tariff regulation, aggressive investment policy, growing competition from alternative telecoms providers.

b) Credit rating as at the expiry date of the quarter under report:

B3 senior implied rating (Outlook – "Stable")

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
26.07.2004	B3 senior implied rating (Outlook – "Stable")

Full registered name of organization that assigned the credit rating: ***Moody's Investor Services Ltd.***

Abbreviated registered name: ***Moody's***

Location: ***2 Minster Court, Mincing Lane, London, EC3R 7XB, UK***

Brief description of the method of assigning the credit rating:

Rating methodology consists in expressing the opinion of the rating agency whether an issuer is able to pay its debts in due time and revealing the stable cash flow to debt ratio. Rating methodology includes the following main criteria:

- ***State support (participation of the state in the Company).*** *The principle is to analyze a degree of participation of the state in the Company. Companies which are completely privatized as well as state corporations are not supported;*
- ***Degree of the state regulation of the market.*** *The principle partly follows from the previous one – influence of the state regulation can not correspond with the conditions of the market economy;*
- ***Competitive Environment.*** *The principle is to estimate the potential of the regional market;*
- ***Management potential.*** *The principle is to estimate the ability of the management to make correct decisions in the conditions of the market dynamics (market adaptation);*
- ***Management strategy.*** *The principle – the strategy should reflect viability of the approved plans of the Company, taking into account every possible risks;*
- ***Diversification strategy.*** *The principle is to reveal the signs of the business diversification;*
- ***Financial management.*** *The principle is to control the conformity of made (planned) capital investments with the amount of attracted funds;*

- **Financial showing.** *The principle – the higher the indicators providing duly debt services (debt + interest), the better. Regular costs control and outstripping growth of revenues over expenses.*
- **Stock market strategy.** *The principle is the ability of the Company to generate its own sources of circulating assets (as the factor of the liquidity growth).*

The Company's credit rating is determined on the basis of analysis and combination of the given principles.

Other information about the credit rating specified at the Issuer's own discretion:

No other information

2) Object of assigning the credit rating: **bonds**

Type, category, series, form and other descriptors of the securities: **series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-06-00062-A**

Date of state registration: **November 28, 2003**

Credit rating as at the date of expiry of the quarter under report:

Long-term corporate credit rating "ruBB" according to Russia national scale

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
10.02.2004	"ruBBB-" Russia national scale rating was assigned
02.02.2005	Russia national scale rating was decreased from "ruBBB-" to "ruBB"

Full and abbreviated registered names, location of organization that assigned the credit rating:

Company " Standard & Poor's International Services Inc." (Standard & Poor's)

Location: **9th floor, 11, Gogolevskiy bulvar, Moscow, 121019.**

Brief description of the method of assigning the credit rating:

Standard & Poor's Russian national credit rating scale serves issuers, insurers, counterparties, intermediaries and investors in the Russian financial market by providing both Debt Credit Ratings which apply to a specific debt instrument, and Enterprise Credit Ratings which apply to an obligor (i.e., borrower, guarantor, insurer, or other provider of credit enhancement). The Russian national credit rating scale uses Standard & Poor's global rating symbols with the addition of "ru" prefix to denote "Russia" and the scale's focus on Russian financial markets. The criteria employed for determining ratings on the Standard & Poor's Russian National Scale are broadly similar to those employed on the Standard & Poor's Global Scale.

However, certain direct sovereign risk considerations weigh less heavily on the Standard & Poor's Russian National Scale than on the global scale. For example, some types of sovereign risk considerations that can adversely affect all Russian obligors equally are not considered within the bounds of Standard & Poor's National Scale. Indeed, sovereign risk is examined only in a local context relative to the credit risk of other Russian obligors. As a result, the Standard & Poor's Russian National Scale is not directly comparable to Standard & Poor's global scale or to any other national rating scale.

Other information about the credit rating specified at the Issuer's own discretion:

No additional information.

b) Type, category, series, form and other descriptors of the securities: **series 01 non-convertible interest bearing certificated pay-to-bearer bonds with mandatory centralized custody, series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-05-00062-A, 4-06-00062-A**

Date of state registration: **August 15, 2003; November 28, 2003**

Credit rating as at the date of approval of the Emissive prospectus:

Long-term national scale credit rating Baa3 (rus)

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
12.04.2004	Long-term national scale credit rating Baa3 (rus) was assigned

Full registered name of organization that assigned the credit rating: *private Joint –Stock Company "Interfax Rating Agency"*

Abbreviated registered name: *CJSC "RA Interfax"*

Location: *building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006*

Brief description of the method of assigning the credit rating:

Credit rating of a bonded issue or type of the company's bonded issues expresses the current opinion on its credit status relating to such bonded issue/type of bonded issues.

Interfax rating agency (IRA) assigns credit ratings to the Russian companies according to national scale of the agency. Credit rating of IRA is an instrument allowing local investors to differentiate credit risks of various Russian borrowers as well as their obligations. Such borrowers and obligations can turn out to be indistinguishable when using international ratings, which take into consideration country risks. IRA national scale credit ratings do not take into account some country risks, in particular, risk of introduction of governmental restrictions on transfer of foreign currency abroad, as well as other system-defined risks relating equally to all borrowers in Russia.

Credit rating of a separate obligation (bonded issue) cannot coincide with the company's credit rating because it must take into account the issue's structure, degree of security of the rights of the creditor under the obligation, credit status of underwriters of the bonded issue. If the bond issue is objectively secure enough, that is, provides for certain forms of risks reduction such as, for example, reliable security, then credit rating of the obligation can be higher than the rating of the borrower.

Quantitative analysis plays an important role when assigning credit rating to a company, however assignment of a credit rating is not reduced to application of some universal formula including a number of quantity indicators. IRA pays special attention to qualitative analysis of existing and future credit risks to which companies and their obligations are subject. Experts of IRA make their final opinion on a company's credit status on the basis of the qualitative analysis of risk factors and possible changes in the environment of the company's activity which may result in the company's default on its obligations. Great attention is paid to comparison of the company being under rating procedure with other companies of the sector and-or special group of companies. The main object of the analysis is the company's ability to generate cash flow sufficient for financing urgent investments, dividend payments and debt service.

When assigning a credit rating, experts of IRA usually rely on the information about the activity of a company being under rating procedure including on its financial accounts for the last 3-5 years as well as use corresponding forecasts both of a company's specialists and of its own.

The basic aspects of the analysis of companies' credit status are the following:

- sector risks,*
- political and regulatory risks,*
- market position of the company and its business efficiency,*
- management quality,*
- ownership structure,*
- financial risk.*

Other data on the credit rating specified by the Issuer at its own discretion:

Credit ratings have been assigned in association with international rating agency Moody's Investors Service.

The rating reflects UTK's strong position on the telecommunications market of the Southern Federal District; the company's strengthening position on the fast-growing and lucrative segment of the market for new communications services; improved technical condition of networks; and

opportunity to receive support from the state. The rating is constrained by government tariff regulation, aggressive investment policy, growing competition from alternative telecoms providers.

c) Type, category, series, form and other descriptors of the securities: **series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody, series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-05-00062-A, 4-06-00062-A**

Date of state registration: **August 15, 2003; November 28, 2003**

Credit rating as at the expiry date of the quarter under report:

Caa1 senior implied rating (Outlook – “Stable”)

History of changes of the credit rating for the last 5 complete financial years preceding the date of expiry of the quarter under report with indication of the value of the credit rating and the date of its assignment (change):

Date of assignment (change)	Credit rating
26.07.2004	Caa1 senior implied rating (Outlook – “Stable”)

Full registered name of organization that assigned the credit rating: **Moody’s Investor Services Ltd.**

Abbreviated registered name: **Moody’s**

Location: **2 Minster Court, Mincing Lane, London, EC3R 7XB, UK**

Brief description of the method of assigning the credit rating:

Rating methodology consists in expressing the opinion of the rating agency whether an issuer is able to pay its debts in due time and revealing the stable cash flow to debt ratio. Rating methodology includes the following main criteria:

- **State support (participation of the state in the Company). The principle is to analyze a degree of participation of the state in the Company. Companies which are completely privatized as well as state corporations are not supported;**
- **Degree of the state regulation of the market. The principle partly follows from the previous one – influence of the state regulation can not correspond with the conditions of the market economy;**
- **Competitive Environment. The principle is to estimate the potential of the regional market;**
- **Management potential. The principle is to estimate the ability of the management to make correct decisions in the conditions of the market dynamics (market adaptation);**
- **Management strategy. The principle – the strategy should reflect viability of the approved plans of the Company, taking into account every possible risks;**
- **Diversification strategy. The principle is to reveal the signs of the business diversification;**
- **Financial management. The principle is to control the conformity of made (planned) capital investments with the amount of attracted funds;**
- **Financial showing. The principle – the higher the indicators providing duly debt services (debt + interest), the better. Regular costs control and outstripping growth of revenues over expenses.**
- **Stock market strategy. The principle is the ability of the Company to generate its own sources of circulating assets (as the factor of the liquidity growth).**

The Company’s credit rating is determined on the basis of analysis and combination of the given principles.

Other information about the credit rating specified at the Issuer’s own discretion:

No other information

8.2. Data on Each Category of Issuer's Shares

Category: *ordinary*

Form: *registered non-documentary*

Face value, *RUR: 0.33*

Number of shares in circulation (number of shares that are not retired or cancelled) (pcs.):
2,960,512,964

Number of extra shares in the process of floatation (number of shares of the extra issue, for which there has been no state registration of the report of the results of their issue, shares: **0**

Number of declared shares: **130,814,345**

Number of shares on the issuer's balance sheet: **0**

Number of extra shares that may be floated as a result of converting floated securities convertible into shares or as a result of fulfilling the obligations under issuer's options: **0**

Data on the state registration of the issue:

Date of state registration: **09.09.2003 (dates of the state registration numbers of associated issues: 27.12.1997, 15.08.2002).**

State registration No: **1-03-00062-A (state registration numbers of associated issues: 1-04-00062-A, 1-05-00062-A, 1-06-00062-A, 1-07-00062-A, 1-08-00062-A, 1-09-00062-A, 1-10-00062-A, 1-11-00062-A, 1-12-00062-A, 1-13-00062-A).**

Rights granted by shares to their holders:

Each ordinary share grants the shareholder – its owner -the equal scope of rights. Each ordinary shareholder shall be entitled:

- to take part in General Shareholders' Meeting pursuant to the current legislation of the Russian Federation;***
- to receive dividends according to the order determined by the current Russian legislation and the present Charter in case the Company announces their payment;***
- to get the portion of the Company's assets (liquidation value) in case of its liquidation pro rata the quantity of shares owned by him;***
- to have free access to the Company's documents pursuant to paragraph 1 of Article 89 of the Federal Law "On Joint-stock Companies" in order determined by Article 91 of the aforementioned Law;***
- to demand confirmation of a shareholder's rights for shares from the Registrar in the form of issue of an excerpt from the register of the Company's shareholders.***
- to get information about all records on his personal account from the Registrar and other information stipulated by the legislation of the Russian Federation regulating the order of keeping the register of shareholders;***
- to alienate the shares held by him without consent of the Company and other shareholders;***
- to bring suits to the courts because of violation of his civil rights including demand of recovery of damages from the Company;***
- to demand redemption by the Company of all or part of shares held by him in cases and in order stipulated by the current legislation of the Russian Federation;***
- to sell his shares to the Company in case the Company decided to buy them;***
- to demand from the Company an excerpt from the list of shareholders entitled to take part in the General Shareholders' Meeting containing information about a shareholder;***
- to exercise his right of priority when acquiring extra shares distributed by public subscription and emissive securities convertible into shares in proportion to the quantity of shares owned by him;***

Any shareholder that owns 1% or more of the Company's voting shares is entitled to demand information from the Registrar about the name of shareholders registered in the list and about

the number, category and par value of shares held by them (this information does not include the shareholders' addresses).

Any shareholder or group of shareholders that owns 1% or more of the Company's placed ordinary shares is/are entitled to bring suits against a member of the Company's Board of Directors, individual executive body, member of the collective executive body as well as managing organization or manager demanding indemnification of expense which may arise out of any act or failure to act of the aforementioned persons.

Shareholders that own 1% or more of the votes at a General Shareholders' Meeting are entitled to demand a list of shareholders entitled to take part in the General Shareholders' Meeting. Information from the documents of individuals and Postal addresses can be given only by their expressed assent.

Any shareholder or group of shareholders that owns 2% or more of the Company's total number of voting shares is/are entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's governing and supervising bodies. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda the aforementioned shareholders are entitled to nominate candidates to the Board of Directors.

Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares at the submission date is/are entitled to demand calling an Extraordinary General Shareholders' Meeting by the Company's Board of Directors. In case the Board of Directors does not approve the resolution on calling an Extraordinary General Shareholders' Meeting within the period defined by the current legislation of the Russian Federation and the present Charter or approves the resolution on refusal to call it, the Extraordinary General Shareholders' Meeting can be called by the aforementioned shareholder(s).

Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares is/are entitled to request at any time audit of the Company's financial and economic activities.

Any shareholder or group of shareholders that owns 25% or more of the Company's total number of voting shares is/are entitled to have free access to the Company's accounting records and the minutes of the Management Board's meetings and to obtain copies of the aforesaid documents.

Shareholders – holders of the Company's ordinary shares are granted other rights as stipulated by the current legislation of the Russian Federation, other legal documents and the present Charter.

Other information about shares specified at the Issuer's own discretion:

Data on the state registration of the report on the results of the issue:

Registration date: 26.02.2002

State registration was made by: FCSM of Russia

Category: *preferred*

Type: *A*

Form: *registered non-documentary*

Face value, RUR: *0.33*

Number of shares in circulation (number of shares that are not retired or cancelled) (pcs.):
972,151,838

Number of extra shares in the process of floatation (number of shares of the extra issue, for which there has been no state registration of the report of the results of their issue, shares: **0**

Number of declared shares: **32,711,532**

Number of shares on the issuer's balance sheet: **0**

Number of extra shares that may be floated as a result of converting floated securities convertible into shares or as a result of fulfilling the obligations under issuer's options: **0**

Data on the state registration of the issue:

Date of state registration: **09.09.2003 (dates of the state registration numbers of associated issues: 27.12.1997, 15.08.2002).**

State registration No: **2-03-00062-A (state registration numbers of associated issues: 2-04-00062-A, 2-05-00062-A, 2-06-00062-A, 2-07-00062-A, 2-08-00062-A, 2-09-00062-A, 2-10-00062-A, 2-11-00062-A, 2-12-00062-A).**

Rights granted by shares to their holders:

Each preferred Type A share shall grant its holder equal scope of rights.

Holders of preference Type A shares shall be entitled to receive annual fixed dividend except for the cases specified by the present Charter. The total amount to be paid as dividend on each of preference Type A share is set to be 10% of the net profit of the Company in the last fiscal year divided by the number of shares accounting for 25% of the charter capital of the company. If the amount of dividend paid by the Company on each ordinary share in a certain year exceeds the amount to be paid as dividend on each preference Type A share, the latter shall be increased up to the amount of dividend paid on the ordinary shares.

The shareholders – holders of the preference Type A shares are entitled to take part in the General Shareholders' Meeting with voting right if the issues of reorganization or liquidation of the Company are to be resolved or if the Meeting shall decide on introduction of amendments and additions to the Charter of the Company restricting the rights of holders of this type of shares.

The shareholders – holders of the preference Type A shares are entitled to take part in the General Shareholders' Meeting with voting right on all issues within its authority, starting from the annual General Shareholders' Meeting following the Meeting at which a resolution to pay dividend on this type of preferred shares was not passed, or a resolution to pay incomplete dividend amount on this type of preferred shares was passed. The right of shareholders – holders of the preference Type A shares to vote at the General Shareholders' Meeting shall be terminated as of the moment of the first payment of dividend made on the preference Type A shares in full.

The shareholders – holders of the preference Type A shares have the following rights:

- to get the portion of the Company's assets (liquidation value) in case of its liquidation pro rata the quantity of shares owned by him;***
- to have free access to the Company's documents pursuant to paragraph 1 of Article 89 of the Federal Law "On Joint-stock Companies" in order determined by Article 91 of the aforementioned Law;***
- to demand confirmation of a shareholder's rights for shares from the Registrar in the form of issue of an excerpt from the register of the Company's shareholders.***
- to get information about all records on his personal account from the Registrar and other information stipulated by the legislation of the Russian Federation regulating the order of keeping the register of shareholders;***
- to alienate the shares held by him without consent of the Company and other shareholders;***
- to bring suits to the courts because of violation of his civil rights including demand of recovery of damages from the Company;***
- to sell his shares to the Company in case the Company decided to buy them;***
- to demand from the Company an excerpt from the list of shareholders entitled to take part in the General Shareholders' Meeting containing information about a shareholder;***

These rights are granted to the shareholders – holders of the preference Type A shares if these shares are not voting ones.

The shareholders – holders of the preference Type A shares have the following rights if preference Type A shares have voting right on all issues within the authority of a General Shareholders' Meeting:

- Any shareholder that owns 1% or more of the Company's voting shares is entitled to demand***

information from the Registrar about the name of shareholders registered in the list and about the number, category and par value of shares held by them (this information does not include the shareholders' addresses).

- *Any shareholder or group of shareholders that owns 2% or more of the Company's total number of voting shares is/are entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's governing and supervising bodies. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda the aforementioned shareholders are entitled to nominate candidates to the Board of Directors.*
- *Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares at the submission date is/are entitled to demand calling an Extraordinary General Shareholders' Meeting by the Company's Board of Directors. In case the Board of Directors does not approve the resolution on calling an Extraordinary General Shareholders' Meeting within the period defined by the current legislation of the Russian Federation and the present Charter or approves the resolution on refusal to call it, the Extraordinary General Shareholders' Meeting can be called by the aforementioned shareholder(s).*
- *Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares is/are entitled to request at any time audit of the Company's financial and economic activities.*
- *Any shareholder or group of shareholders that owns 25% or more of the Company's total number of voting shares is/are entitled to have free access to the Company's accounting records and the minutes of the Management Board's meetings and to obtain copies of the aforesaid documents.*

The shareholders – holders of the preference Type A shares are entitled to demand redemption of all or part of shares, held by them, by the Company in cases and in order stipulated by the effective legislation of the Russian Federation.

The holders of the preference Type A shares that own 1% or more of the votes at a General Shareholders' Meeting are entitled to demand a list of shareholders entitled to take part in the General Shareholders' Meeting. Information from the documents of individuals and Postal addresses can be given only by their expressed assent.

Shareholders – holders of the Company's preferred Type A shares are granted other rights as stipulated by the effective legislation of the Russian Federation, other legal documents and the present Charter.

Other information about shares specified at the Issuer's own discretion:

Data on the state registration of the report on the results of the issue:

Registration date: 26.02.2002

State registration was made by: FCSM of Russia

8.3. Data on Any Previous Issues of Issuer's Securities, Except for the Issuer's Stock

8.3.1. Data on Issues, All Securities of Which Have Been Retired (Cancelled)

Form of securities: *bonds*

Series: *K-1*

Type: *interest-bearing*

Form of securities: *registered non-documentary*

Other identifications of securities: *none*

Date of registration: *15.08.2002*

Registration number: *4-01-00062-A*

State registration authority performing the registration: *FCSM of Russia*

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Par value of one security of the issue, RUR: **500**

Total number of the issued securities, bonds: **500**

Total value of the issue, RUR: **250,000**

Redemption period:

Launch date: 1.10.2003

Expiry date: 31.12.2003

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

Form of securities: **bonds**

Series: **K-2**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-02-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Par value of one security of the issue, RUR: **500**

Total number of the issued securities, bonds: **500**

Total value of the issue, RUR: **250,000**

Redemption period:

Launch date: 1.10.2002

Expiry date: 31.12.2002

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

Form of securities: **bonds**

Series: **C-1**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-03-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Total number of the issued securities, bonds: **3,566**

Par value of one security of the issue, RUR: **2,500**

Total value of the issue, RUR: **8,915,000**

Maturity period for the bonds acquired:

from 01.05.1997 to 31.12.1997 is from 1 May 2002 to 1 July 2002

from 01.01.1998 to 25.03.1998 is from 1 May 2003 to 1 July 2003

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

8.3.2. Data on Issues, the Securities of Which are Circulating

Total number of bonds in circulation (not redeemed), bonds: **3,000,006**

Total nominal value of bonds being in circulation (not redeemed), RUR: **3,000,001,800**

Form of securities: **bonds**

Series: **C-2**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-04-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Total number of the issued securities, bonds: **6**

Par value of one security of the issue, RUR: **300**

Total value of the issue, RUR: **1,800**

Rights granted by each security of the issue to their holders:

Each bond shall grant its holder equal scope of rights irrespective of the date of its acquisition at placement.

Each bondholder shall be entitled to get annual fixed income payment amounting to 1 percent of the bond's par value and to get its par value at the prescribed date. Income is paid annually as of March 26 of each year. At maturity the bond owner shall submit an application on redemption, after that the Bond holder shall get a par value of the bond and the interest income on the bond at the date set by the Issuer but not later than 7 (seven) business days from the date of submission of the application on redemption.

Terms and the arrangements of the redemption:

Form of the bond redemption:

Annual fixed income payment amounting to 1 percent of the bond's par value.

If "Sevosetinelectrosvyaz" – branch of "UTK" PJSC has a technical possibility a bond owner shall be entitled to redeem the bond before maturity by installation of a telephone with top priority. At the installation of a telephone a par value and interest income on the bond for the whole period are being redeemed.

Technical possibility of the telephone installation implies that:

- *the address is located within the service area of "Sevosetinelectrosvyaz" – branch of "UTK" PJSC;*
- *presence of unoccupied subscriber lines in main and secondary cables;*
- *presence of vacant number capacity at automatic telephone exchanges operating in this region.*

Maturity period:

Launch date: 01.10.2005

Expiry date: 01.11.2005

The bond redemption before maturity is available.

Date prior to which the bonds cannot be redeemed before maturity.

Not determined.

Terms and the arrangements of the redemption before maturity:

Redemption before maturity is provided by installation of a telephone with top priority. At the installation of a telephone a par value and interest income on the bond for the whole period are being redeemed.

Technical possibility of the telephone installation implies that:

- **the address is located within the service area of "Sevosetinelectrosvyaz" – branch of "UTK" PJSC;**
- **presence of unoccupied subscriber lines in main and secondary cables;**
- **presence of vacant number capacity at automatic telephone exchanges operating in this region.**

Coupon income on the bonds, terms and the arrangements of its payment:

Amount of income on the bonds:

The bond owner shall be entitled to get annual fixed income payment amounting to 1 percent of the bond's par value.

Payout period of the income on the bonds of the issue: from 01.10.2005 to 01.11.2005

Procedure of bond income payments:

At maturity the bond owner shall receive a par value of the bond and the interest income on the bond not later than 7 (seven) days from the date of submission of the application on redemption.

Form of securities: **bonds**

Series: **01**

Type: **interest-bearing**

Form of securities: **certificated pay-to-bearer**

Full name of the bond issue: **series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

Date of registration: **15.08.2003**

Registration number: **4-05-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **21.10.2003**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Total number of the issued securities, bonds: **1,500,000**

Par value of one security of the issue, RUR: **1,000**

Total value of the issue, RUR: **1,500,000,000**

Rights granted by each security of the issue to their holders:

A Bondholder is entitled to get the face value of the Bond specified in paragraph 4 of the Resolution on the Bond Issue when the Bond is retired.

A Bond holder is entitled to get the interest of the Bond face value (coupon yield), fixed in the Bond, the procedure of determining such interest being described in paragraph 8.3 of the decision on the issue and payout period - in paragraph 8.4 of the decision on the issue.

A Bondholder is entitled to get the face value of the Bond in case of liquidation of the Issuer in the sequence established by article 64 of the Civil Code of the Russian Federation.

A Bondholder is entitled to freely sell or otherwise alienate the Bond.

A Bondholder who bought a bond during primary distribution has no right to conduct transactions with this bond before the state registration of the report on the results of the bond issue pursuant to the legislation of the Russian Federation.

If the Issuer refuses to fulfill its obligations on bond issue, a Bondholder is entitled to exercise his rights in accordance with the procedure prescribed by paragraph 8.6 of the Resolution on the bond issue and paragraph 56.11 of the Prospectus on Bonds.

A Bondholder is not entitled to present a Bond of the issue for retirement before maturity except for the following cases:

- 1) coming into effect court decision on the Issuer's bankruptcy;***
- 2) taking decision on the Issuer's liquidation by the Issuer's body authorized to take such decision;***
- 3) coming into effect court decision on the Underwriter's bankruptcy;***
- 4) taking decision on the Underwriter's liquidation by the Underwriter's body authorized to take such decision;***
- 5) not meeting the commitments by the Issuer to pay coupon income on the bond issue within 10 (ten) business days from the date of payment of this coupon income specified in the Decision on the bond issue;***
- 6) other case prescribed by the laws of the Russian Federation.***

A Bondholder is entitled to demand fulfillment of the redemption commitment from the Underwriter if the Issuer does not fulfill this obligation. Procedure of bonds redemption by the Underwriter is specified in paragraph 11 of the Resolution on the bond issue and paragraph 56.14 of the Prospectus on Bonds. A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

The Issuer undertakes to ensure the rights of Bondholders if they observe the rules of exercise of rights established by the legislation of the Russian Federation.

Depository providing centralized custody of issuer's securities:

Full registered name: "National Depository Center» Non-commercial partnership

Abbreviated registered name: NDC

Location: 1/13 Sredniy Kislovskiy per., Moscow, Russia, 103009

License:

No. of license: 177-03431-0000100

Date of issue: 4.12.2000

Period: unlimited

Authority issuing the license: Federal Commission for Securities Market

Terms and the arrangements of the redemption:

Bonds are to be redeemed at their face value on the 1092-nd day from the first day of the bond placement (hereinafter referred to as "The maturity date") by the Issuer and/or the Issuer's payment agent, which is:

Full registered name: "National Depository Center» Non-commercial partnership

Abbreviated registered name: NDC

Location: 1/13 Sredniy Kislovskiy per., Moscow, Russia

Postal address: building 4, 1/13 Sredniy Kislovskiy per., Moscow, Russian Federation 125009

The Issuer is entitled to appoint other payment agents and cancel such appointments. Official notice of such appointments shall be published by the Issuer in the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" not later than 10 (ten) working days prior to such actions.

If the maturity date happens to be week-end, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the maturity date. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

Repayment of Bonds is made to the persons included by the Depository in the list of owners and holders of Bonds, for the benefit of owners of Bonds. A Bond Owner, if it/he/she is not a depositor of the Depository may authorize a Bondholder to receive amounts from the Bond yield (coupon)

payment and Bond redemption.

It is presumed that a bondholder who is a depositor of the Depository is authorized to receive amounts from the Bond yield (coupon) payment and Bond redemption.

Not later than four working days prior to the date of the Bond yield (coupon) payment and/or Bond redemption, a bond holder being a depositor of the Depository and/or other parties who are not authorized by their clients to receive amounts from the Bond yield (coupon) payment and Bond redemption provides the Depository with the List of Bond Owners, containing all essential elements necessary for Making up the List of Bond Holders and Bond Owners, as set forth below.

Repayment of Bonds is made for the benefit of owners of the Bonds being those as of the end of working hours of the Depository, previous to the fifth business day before the maturity date (further under the text - " Date of making up a list of owners and Holders of Bonds with a view of their redemption).

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds with a view of redemption, declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds with a view of redemption.

Not later than 2 (two) working days prior to the Maturity Date the Depository provides the Issuer with the list of owners and Holders of the Bonds, made on Date of making up the list of owners and Holders of Bonds with a view of the bond redemption including the following data:

a) A full name of the person, authorized to receive the redemption sums under Bonds.

If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums of repayment under Bonds, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get the sums of repayment under Bonds, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:

b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive the sums of repayment under Bonds;

c) Location and postal address of the person, authorized to receive the sums of repayment under Bonds;

d) The name and essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds, namely:

- Number of the account;

- The name of bank in which the account is open;

- The correspondent account of bank in which the account is open;

- Bank identification code (BIK) of bank in which the account is open;

e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of repayment under Bonds;

f) The tax status of the person authorized to receive the sums of repayment under Bonds (resident, non-resident with permanent representative office in the Russian Federation, non-resident without permanent representative office in the Russian Federation, etc.).

A Bond Holder independently monitors the completeness and actuality of the data provided by it to the Depository (the information necessary for execution of obligations under Bonds). Should the said data fail to be submitted, or fail to be submitted in due time to the Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the Depository's data. In this case obligations of the Issuer are considered executed in full and properly.

Not later than 1 (one) working day before the Maturity Date, the Issuer transfers the appropriate money to the Payment Agent's account.

At repayment of Bonds the coupon income is paid for last coupon period also.

On the basis of the list of Bond Owners and Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each Bond Owner and Holders authorized to receive Bond redemption amounts.

As at the date of Bonds redemption the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of redemption under Bonds, specified in the list of the Bond Holders and Owners.

If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner. The Bond holders who are not owners of Bonds, transfer money received as Bond redemption payment to the Bond owners according to the procedure determined between the Holder of Bonds and the owner of Bonds.

Obligations of the Issuer on Bonds redemption are considered executed after charge-off of money from the correspondent account of the bank serving the Issuer and-or the correspondent account of the bank / credit organization of the Payment agent in return for face-value of Bonds and the coupon income for the last coupon period in favor of owners and Holders of Bonds.

Bonds are being charged off the accounts of depot in the Depository at repayment of all Bonds after execution by the Issuer and/or Payment Agent of the obligations on transferring amounts required to fulfill the payment commitments on Bonds redemption and payment of the coupon income for the last coupon period.

The Certificate is to be cancelled after all Bonds are written off the accounts of depot of the Depository.

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment.

Procedure of calculating income paid under each bond:

Coupon period		Coupon income
Launch date	Expiry date	

1. Coupon: first

Launch date of the first coupon is the first day of the bond placement.	Expiry date of the first coupon is the 182 nd day from the first day of the bond placement.	<p>The size of each coupon income is determined according to the following formula: $K_j = C_j * Nom * (T(j) - T(j-1)) / (365 * 100 \%),$ Where, j - a serial number of the coupon period, j=1, 2, 3, 4, 5, 6; K_j - size of the coupon income on each Bond (RUR).; Nom - face-value of one Bond (RUR).; C_j - the size of the interest rate of j-th coupon, in percentage annual; T(j-1) - a launch date of j-th coupon period; T(j) – an expiry date of j-th coupon period.</p> <p>The size of coupon income for each coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p> <p>Annual yield on the first coupon was fixed during the auction on the first day of the bond placement at the size of 14.24%.</p>
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2. Coupon: second

Launch date of the second coupon is 182 nd day from the first day of the bond placement.	Expiry date of the second coupon is the 364 th day from the first day of the bond placement.	Method of determination of the coupon income under the second coupon is the same as for the first coupon. The interest yield for the second coupon will be equal to the interest rate for the first coupon.
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3. Coupon: third

Launch date of the third coupon is 364-th day from the first day of the bond placement.	Expiry date of the third coupon is the 546th day from the first day of the bond placement.	Method of determination of the coupon income under the third coupon is the same as for the first coupon. The interest yield for the third coupon will be equal to the interest rate for the first coupon.
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4. Coupon: fourth

Launch date of the fourth coupon is 546-th day from the first day of the bond placement.	Expiry date of the fourth coupon is the 728 th day from the first day of the bond placement.	Method of determination of the coupon income under the fourth coupon is the same as for the first coupon. The interest yield for the fourth coupon will be equal to the interest rate for the first coupon.
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5. Coupon: fifth

Launch date of the fifth coupon is 728-th day from the first day of the bond placement.	Expiry date of the fifth coupon is the 910th day from the first day of the bond placement.	Method of determination of the coupon income under the fifth coupon is the same as for the first coupon. The interest yield for the fifth coupon will be equal to the interest rate for the first coupon.
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6. Coupon: sixth

Launch date of the sixth coupon is 910-th day from the first day of the bond placement.	Expiry date of the sixth coupon is the 1092 nd day from the first day of the bond placement.	Method of determination of the coupon income under the sixth coupon is the same as for the first coupon. The interest yield for the sixth coupon will be equal to the interest rate for the first coupon.
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Order and term of payment of the income on bonds:

Coupon period		Period (date) of coupon income payment	Date of making up the list of Bond owners for payment of coupon income
Launch date	Expiry date		

1. Coupon: first

Launch date of the first coupon is the first day of the bond placement.	Expiry date of the first coupon is the 182 nd day from the first day of the bond placement.	Date of the first coupon income payment is the 182 nd day from the first day of the bond placement.	Payment of coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of the Depositary, previous to the fifth working day before date of payment of the income on Bonds.
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Procedure Coupon Yield payment:

Payment of the coupon yield on the Bonds is effected by the Issuer or/and a payment agent upon instructions of the Issuer on the expiry date of the coupon period. Should the expiry date of the Bonds coupon period fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the expiry date of the coupon period. The bond owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order to the persons included by the Depository in the list of owners and holders of Bonds, for the benefit of owners of Bonds. A Bond Owner, if it/he/she is not a depositor of the Depository may authorize a Bondholder to receive amounts from the Bond yield (coupon) payment and Bond redemption.

It is presumed that a bond holder who is a depositor of the Depository is authorized to receive amounts from the Bond yield (coupon) payment .Not later than three working days prior to the date of the Bond yield (coupon) payment, a bond holder being a depositor of the Depository and/or other parties who are not authorized by their clients to receive amounts from the Bond yield (coupon) payment provides the Depository with the List of Bond Owners, containing all essential elements necessary for Making up the List of Bond Holders and Bond Owners , as set forth below.

Payment of coupon income on Bonds is made for the benefit of owners of the Bonds being those as of the end of working hours of the Depository, previous to the fourth business day before the date of payment of the coupon income (further under the text - " Date of making up a list of owners and Holders of Bonds for payment of coupon income). Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds with a view of payment of coupon income, is considered as due and proper, including the case of Bonds alienation after Date of making up a list of owners and Holders of Bonds with a view of payment of coupon income. Not later than 2 (two) working days prior to the Date of payment of coupon income the Depository provides the Issuer with the list of owners and Holders of the Bonds, made on Date of making up the list of owners and Holders of Bonds with a view of the payment of coupon income including the following data:

- a) A full name of the person, authorized to receive sums of coupon income under Bonds. If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive sums of coupon income, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get sums of coupon income, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:
- b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive sums of coupon income;
- c) Location and postal address of the person, authorized to receive sums of coupon income under Bonds;
- d) The name and essential elements of the bank account of the person, authorized to receive sums of coupon income, namely:
 - Number of the account;
 - The name of bank in which the account is open;
 - The correspondent account of bank in which the account is open;
 - Bank identification code (BIK) of bank in which the account is open;
- e) Tax-payer's Identification number (TIN) of the person, authorized to receive sums of coupon income under Bonds;
- f) The tax status of the person authorized to receive sums of coupon income (resident, non-resident with permanent representative office in the Russian Federation, non-resident without permanent representative office in the Russian Federation, etc.).

A Bond Holder independently monitors the completeness and actuality of the data provided by it to the Depository (the information necessary for execution of obligations under Bonds). Should the said data fail to be submitted, or fail to be submitted in due time to the Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the Depository's data. In this case obligations of the Issuer are considered executed in full and properly. Not later than 1 (one) working day before the Date of coupon income payment, the Issuer transfers the appropriate money to the Payment Agent's account. On the basis of the list of Bond Owners and Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each Bond Owner and Holders authorized to receive sums of coupon income on Bonds. As at the date of payment of coupon income the Payment Agent transfers the appropriate money to accounts of the persons authorized to get sums of coupon income under Bonds, specified in the list of the Bond Holders and Owners.

If one person is authorized to receive sums of coupon income for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner. The Bond holders who are not owners of Bonds, transfer money received as sums of coupon income payment to the Bond owners according to the procedure determined between the Holder of Bonds and the owner of Bonds.

Obligations of the Issuer on payment of coupon income on Bonds redemption are considered executed after charge-off of money from the correspondent account of the bank serving the Issuer and-or the correspondent account of the bank / credit organization of the Payment agent in return for the coupon income in favor of owners and Holders of Bonds.

2. Coupon: second

Launch date of the second coupon is 182-	Expiry date of the second coupon is the	Date of the second coupon income payment is the	Payment of the coupon income on bonds are
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nd day from the first day of the bond placement.	364th day from the first day of the bond placement.	364th day from the first day of the bond placement.	made for the benefit of owners of Bonds being those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the second coupon income payment is the same as that of the first coupon income payment.			

3. Coupon: third

Launch date of the third coupon is 364 th day from the first day of the bond placement.	Expiry date of the third coupon is the 546 th day from the first day of the bond placement.	Date of the third coupon income payment is the 546 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the third coupon income payment is the same as that of the first coupon income payment.			

4. Coupon: fourth

Launch date of the fourth coupon is 546 th day from the first day of the bond placement.	Expiry date of the fourth coupon is the 728 th day from the first day of the bond placement.	Date of the fourth coupon income payment is the 728 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.			

5. Coupon: fifth

Launch date of the fifth coupon is 728 th day from the first day of the bond placement.	Expiry date of the fifth coupon is the 910 th day from the first day of the bond placement.	Date of the fifth coupon income payment is the 910 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6. Coupon: sixth

Launch date of the sixth coupon is 910 th day from the first day of the bond placement.	Expiry date of the sixth coupon is the 1092 nd day from the first day of the bond placement.	Date of the sixth coupon income payment is the 1092 nd day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being
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			those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the sixth coupon income payment is the same as that of the first coupon income payment. Income under the sixth coupon is paid simultaneously with repayment of Bonds			

Kind of security: *underwriting*

Form of securities: *bonds*

Series: *02*

Type: *interest-bearing*

Form of securities: *certificated pay-to-bearer*

Full name of the bond issue: *series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody*

Date of registration: *28.11.2003*

Registration number: *4-06-00062-A*

State registration authority performing the registration: *FCSM of Russia*

Information about state registration of the report on the issue's results:

Date of registration: *19.03.2004*

State registration authority performing the registration of the report on the issue's results: *Federal Commission on Securities' Market of Russia*

Total number of the issued securities, bonds: *1,500,000*

Par value of one security of the issue, RUR: *1,000*

Total value of the issue, RUR: *1,500,000,000*

Rights granted by each security of the issue to their holders:

Each bond shall grant its holder equal scope of rights.

1. A Bondholder is entitled to get the face value of the Bond when the Bond is retired.

2. A Bondholder is entitled to get the interest of the Bond face value (coupon yield), fixed in the Bond, the procedure of determining such interest being described in paragraph 9.3 of the decision on the bond issue.

3. A Bondholder is entitled to demand repayment of Bonds by the Issuer in cases and on terms specified by the Decision on the bond issue and the Prospectus on Bonds.

If the Issuer refuses to fulfill its obligations on bond issue in order and terms specified by the Decision on the bond issue, a Bondholder is entitled to advance a claim to the Issuer in the arbitration court.

4. In case of non-fulfillment by the Issuer of obligations under Bonds or delay in their fulfillment (a default, a technical default) security in the form of underwriting is provided according to item 9.7. and item 12.2. of the Decision on bond issue and item 56.11. and item 56.14 of the Prospectus on the bond issue. The Underwriter carries liability before Bond owners under obligations of the Issuer to pay total par value of the Bonds amounting to 1.5 billion rubles and the cumulative coupon income under Bonds. The size of commitments secured by the Underwriter cannot exceed 2400000000 (Two billion four hundred million) rubles. The Underwriter shall not be responsible for compensation of the Owners' legal costs incurred during the arbitration and other losses of Owners and / or penalties caused by default or inadequate execution by the Issuer of its obligations on payment of par value of Bonds and / or coupon income under Bonds.

The owner of Bonds is entitled to make claims to the company with limited liability "UTK-Finance" in accordance with the conditions of underwriting specified in item 12.2. of the Decision on bond issue and item 56.14. of the Prospectus on the bond issue. Rights on the Bond are transferred to the new owner (purchaser) together with all rights provided by the Underwriter.

5. A Bond Owner is entitled to return his investments in case the bond issue is declared ineffective or

invalid in accordance with the legislation of the Russian Federation.

6. A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

The Issuer undertakes to ensure the rights of Bondholders if they observe the rules of exercise of rights established by the legislation of the Russian Federation.

Depository:

Full registered name: **Non-commercial partnership "National Depository Center"**

Abbreviated name: **NDC**

Headquarters: **building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009**

License number: **177-03431-000100**

Date of license registration: **4.12.2000**

Valid till: **unlimited**

Registration authority: **FCSM of Russia**

Terms and the arrangements of the redemption:

Repayment of Bonds shall be carried out in money terms in currency of the Russian Federation by cashless settlement.

Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer, which is:

Full registered name: Joint-stock commercial bank "ROSBANK" (open joint-stock company)

Abbreviated name: OJSC AKB "ROSBANK"

Location: 11, Masha Poryvaeva Str., Moscow, 107078

Postal address: mailbox 208, 11, Masha Poryvaeva Str., Moscow, 107078

The Issuer is entitled to appoint other payment agents and cancel such appointments. Official notice of such appointments shall be published by the Issuer in the newspapers "Vedomosti" and/or "Izvestiya" not later than 10 (ten) working days prior to such actions.

Bonds are to be redeemed at their par value on the 1 092nd (one thousand and ninety second) day from the launch date of the bonds placement

If the maturity date happens to be week-end, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the maturity date. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

Repayment of Bonds shall be carried out in currency of the Russian Federation by cashless settlement in favor of the Bond Holders. It is presumed that a bondholder who is a depositor of NDC is authorized to receive amounts from the Bond redemption.

Repayment of Bonds is made for the benefit of Holders of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the maturity date (further under the text - "Date of making up a list of owners and Holders of Bonds).

Obligations on Bonds redemption are executed by the Issuer for the benefit of the Bond owners on the basis of the List of owners and/or Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the Maturity Date NDC depositor who is not authorized by the clients to receive amounts from the Bond redemption shall provide NDC with the List of the Bond owners including the below mentioned data.

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds.

Not later than 4 (four) working days prior to the Maturity Date NDC provides the Issuer and the Payment agent with the list of owners and Holders of the Bonds, made on Date of making up the list of owners and Holders of Bonds including the following data:

a) A full name of the person, authorized to receive the redemption sums under Bonds.

If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums

of repayment under Bonds, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get the sums of repayment under Bonds, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:

b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive the sums of repayment under Bonds;

c) Location and postal address of the person, authorized to receive the sums of repayment under Bonds;

d) The name and essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds, namely:

- Number of the account;

- The name of bank in which the account is open;

- The correspondent account of bank in which the account is open;

- Bank identification code (BIK) of bank in which the account is open;

e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of repayment under Bonds;

f) The tax status of the person authorized to receive the sums of repayment under Bonds (resident, non-resident with permanent representative office in the Russian Federation, non-resident without permanent representative office in the Russian Federation, etc.).

Bond Owners, their authorized persons including depositors of NDC are obliged to provide all necessary information to NDC and independently control the completeness and actuality of the data provided by them to the Depository, they bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on Bond redemption. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

On the basis of the list of Bond Owners and Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond redemption amounts.

Not later than 3 (three) working days before the Maturity Date, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of Bonds redemption the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of redemption under Bonds for the benefit of the Bond Owners.

If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

The Maturity date:

The first day of the Maturity date:

the 1 092nd (one thousand and ninety second) day from the starting date of the bonds placement.

The last day of the Maturity date:

Coincides with the first day of the Maturity date.

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment.

Procedure of calculating income paid under each bond.

Coupon period	Coupon income
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Launch date	Expiry date	
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1. Coupon: Annual interest rate on the first coupon is to be fixed during the auction held in the MICEX Stock market section (9.25% per annum). The Auction shall start and end on the launch day of the bond placement. Time of fixing interest rate on the first coupon and conclusion of transactions is determined by the Moscow Interbank Currency Stock Exchange as agreed with the Issuer and-or the Underwriter

On the date of the Auction the members of the Stock Market Section of MICEX participating in the Auction shall submit orders for the Bond acquisition through the trading system of MICEX. Each order shall include the interest rate under the first coupon at which potential buyers are ready to acquire the Bonds at the price of 100 percent of their par value and the corresponding number of Bonds which potential buyers are ready to acquire if the Issuer fixes the interest rate on the first coupon higher or equal to that specified in the order. Interest rate on the first coupon specified in the order shall be expressed as annual interest rate to the 100-th share of percent.

By the beginning of the Auction the members of the Stock Market Section of MICEX participating in the Auction shall have to reserve money resource on their accounts in the MICEX Clearing system, sufficient for full payment of the Bonds specified in the orders for purchase including MICEX commission fee.

The orders, which do not conform, to the above-mentioned conditions are not allowed to take part in the Auction.

After the period of submission of the orders for the Auction expires, members of the Stock Market Section of MICEX cannot withdraw the submitted orders.

After the period of submission of the orders for the Auction expires, MICEX shall make a joint register of the submitted orders and send it to the Issuer.

All the submitted orders are to be considered by the Issuer. Individual executive body of the Issuer shall make decision on the size of the annual interest rate under the first coupon on the basis of total number of the submitted orders and the interest rates on the first coupon indicated in them and inform the Underwriter and MICEX about it.

The Underwriter shall publish a notice on the size of the interest rate under the first coupon using MICEX Trading system by means of e-mail to all members of the MICEX Stock Market Section.

<p>Starting date of the first coupon is the first day of the bond placement.</p>	<p>Expiry date of the first coupon is the launch date of the second coupon being the 182nd day from the first day of the bond placement.</p>	<p>The size of the first coupon income per one Bond is determined according to the following formula: $KD = C1 * N * (T1 - T0) / (365 / 100 \%)$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C1 - the size of the interest rate of the first coupon, in percentage annual; T0 - a launch date of the first coupon period; T1 - an expiry date of the first coupon period.</p> <p>The size of coupon income for the first coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p> <p>Annual interest rate on the first coupon is to be fixed during the auction held in the MICEX Stock market section (9.25% per annum). The Auction shall start and end on the launch day of the bond placement.</p>
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2. Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon.

<p>Launch date of the second coupon is the 182-nd day from the first day of the bond placement.</p>	<p>Expiry date of the second coupon is the launch date of the third coupon being the 364th day from the first day of the bond placement.</p>	<p>The size of the second coupon income per one Bond is determined according to the following formula: $KD = C2 * N * (T2 - T1) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C2 - the size of the interest rate of the second coupon, in percentage annual; T1 - a launch date of the second coupon period; T2 – an expiry date of the second coupon period.</p> <p>The size of coupon income for the second coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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3. Coupon: The interest rate on the third coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers “Vedomosti” or “Izvestiya” not later than 10 (ten) working days prior to the date of the second coupon payment.

<p>Launch date of the third coupon is 364-th day from the first day of the bond placement.</p>	<p>Expiry date of the third coupon is the launch date of the fourth coupon being the 546th day from the first day of the bond placement.</p>	<p>The size of the third coupon income per one Bond is determined according to the following formula: $KD = C3 * N * (T3 - T2) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C3 - the size of the interest rate of the third coupon, in percentage annual; T2 - a launch date of the third coupon period; T3 – an expiry date of the third coupon period.</p> <p>The size of coupon income for the third coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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4. Coupon: The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers “Vedomosti” or “Izvestiya” not later than 10 (ten) working days prior to the date of the second coupon payment.

<p>Launch date of the fourth coupon is 546-th day from the first day of the bond placement.</p>	<p>Expiry date of the fourth coupon is the launch date of the fifth coupon being the 728th day from the first day of the bond placement.</p>	<p>The size of the fourth coupon income per one Bond is determined according to the following formula: $KD = C4 * N * (T4 - T3) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C4 - the size of the interest rate of the fourth coupon, in percentage annual; T3 - a launch date of the fourth coupon period; T4 – an expiry date of the fourth coupon period.</p>
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		The size of coupon income for the fourth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).
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5. Coupon: The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" not later than 10 (ten) working days prior to the date of the fourth coupon payment.

Launch date of the fifth coupon is 728-th day from the first day of the bond placement.	Expiry date of the fifth coupon is the launch date of the sixth coupon being the 910th day from the first day of the bond placement.	<p>The size of the fifth coupon income per one Bond is determined according to the following formula: $KD = C5 * N * (T5 - T4) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C5 - the size of the interest rate of the fifth coupon, in percentage annual; T4 - a launch date of the fifth coupon period; T5 – an expiry date of the fifth coupon period.</p> <p>The size of coupon income for the fifth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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6. Coupon: The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" not later than 10 (ten) working days prior to the date of the fourth coupon payment.

Launch date of the sixth coupon is 910-th day from the first day of the bond placement.	Expiry date of the sixth coupon coincides with the maturity date and is the 1092 nd day from the first day of the bond placement.	<p>The size of the sixth coupon income per one Bond is determined according to the following formula: $KD = C6 * N * (T6 - T5) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C6 - the size of the interest rate of the sixth coupon, in percentage annual; T5 - a launch date of the sixth coupon period; T6 – an expiry date of the sixth coupon period.</p> <p>The size of coupon income for the sixth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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Order and term of payment of the income on bonds including order and term of payment of the income on each coupon period.

Coupon period	Period (date) of coupon	Date of making up the
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		income payment	list of Bond owners for payment of coupon income
Launch date	Expiry date		

1. Coupon: Annual interest rate on the first coupon was fixed during the auction on the launch day of the bond placement (9.25% per annum)

Launch date of the first coupon is the first day of the bond placement.	Expiry date of the first coupon is the launch date of the second coupon being the 182 nd day from the first day of the bond placement.	Date of the first coupon income payment is the 182 nd day from the first day of the bond placement.	Payment of coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before the date of payment of the coupon income on Bonds (hereinafter – Date of making a List of Bond owners and/or Bond nominal Holders).
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Procedure of Coupon Yield payment:

Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.

Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depository and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds.

Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and Holders of the Bonds, made on the Date of making up the list of owners and Holders of Bonds including the following data:

a) A full name of the person, authorized to receive the coupon income sums under Bonds.

If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums of coupon income under Bonds, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get the sums of coupon income under Bonds, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:

b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive the sums of coupon income under Bonds;

c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;

d) The name and essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:

- Number of the account;
 - The name of bank in which the account is open;
 - The correspondent account of bank in which the account is open;
 - Bank identification code (BIK) of bank in which the account is open;
- e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;
- f) The tax status of the person authorized to receive the sums of coupon income under Bonds.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.

On the basis of the list of Bond Owners and Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.

Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.

If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

If the date of coupon income payment happens to be week-end, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

2. Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon

Launch date of the second coupon is 182 nd day from the first day of the bond placement.	Expiry date of the second coupon is the launch date of the third coupon period being the 364 th day from the first day of the bond placement.	Date of the second coupon income payment is the 364 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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Procedure of coupon income payment:

Procedure of the second coupon income payment is the same as that of the first coupon income payment.

3. Coupon: The interest rate on the third coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" not later than 10 (ten) working days prior to the date of the second coupon payment.

Launch date of the third coupon is 364 th day from the first day of the bond placement.	Expiry date of the third coupon is the launch date of the fourth coupon period being the 546 th day from the first day of the bond placement.	Date of the third coupon income payment is the 546 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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Procedure of coupon income payment:

Procedure of the third coupon income payment is the same as that of the first coupon income payment.

4. Coupon: The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" not later than 10 (ten) working days prior to the date of the second coupon payment.

Launch date of the fourth coupon is 546th day from the first day of the bond placement.	Expiry date of the fourth coupon is the launch date of the fifth coupon period being the 728 th day from the first day of the bond placement.	Date of the fourth coupon income payment is the 728 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.			

5. Coupon: The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" not later than 10 (ten) working days prior to the date of the fourth coupon payment.

Launch date of the fifth coupon is 728 th day from the first day of the bond placement.	Expiry date of the fifth coupon is the launch date of the sixth coupon period being the 910 th day from the first day of the bond placement.	Date of the fifth coupon income payment is the 910 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6. Coupon: The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value and brought to the notice of Bond Owners through publication in newspapers "Vedomosti" or "Izvestiya" or "Kommersant" or any other mass media not later than 10 (ten) working days prior to the date of the fourth coupon payment.

Launch date of the sixth coupon is 910 th day from the first day of the bond placement.	Expiry date of the sixth coupon coincides with the maturity date and is the 1092 nd day from the first day of the bond placement.	Date of the sixth coupon income payment is the 1092 nd day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the sixth coupon income payment is the same as that of the first coupon income payment. List of the Bond owners and nominal holders made up for Bonds redemption is used for the sixth coupon income payment. Income under the sixth coupon is paid simultaneously with repayment of Bonds			

Kind of security: **underwriting**

Form of securities: **bonds**

Series: **03**

Type: **interest-bearing**

Form of securities: **certificated pay-to-bearer**

Full name of the bond issue: **series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

Date of registration: **17.08.2004**

Registration number: **4-07-00062-A**

State registration authority performing the registration: **FSFM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **11.11.2004**

State registration authority performing the registration of the report on the issue's results: **Federal Service on Financial Markets of Russia**

Total number of the issued securities, bonds: **3,500,000**

Par value of one security of the issue, RUR: **1,000**

Total value of the issue, RUR: **3,500,000,000**

Rights granted by each security of the issue to their holders:

The Bonds represent direct and pure obligations of "Southern Telecommunications Company" PJSC (hereinafter referred to as "Issuer").

1. A Bondholder is entitled to get the face value of the Bond when the Bond is retired.

2. A Bondholder is entitled to get the interest of the Bond face value (coupon yield) after termination of each coupon period.

3. In case of non-fulfillment by the Issuer of obligations under Bonds or delay in their fulfillment (including a default, a technical default according to item 9.7. and item 12.2. of the Decision on bond issue and item 9.1.2. e) and item 9.1.2. 3) of the Prospectus on the bond issue) security in the form of underwriting is to be provided. The Underwriter carries liability before Bond owners under obligations of the Issuer to pay total par value of the Bonds amounting to 3.5 (three and a half) billion rubles and the cumulative coupon income under Bonds.

4. The owner of Bonds is entitled to make claims to the company with limited liability "UTK-Finance" in accordance with the conditions of underwriting specified in item 12.2. of the Decision on bond issue and item 9.1.2. z) of the Prospectus on the bond issue. Rights on the Bond are transferred to the new owner (purchaser) together with all rights provided by the Underwriter.

5. A Bond Owner is entitled to get back his investments in case the bond issue is declared ineffective or invalid.

6. A Bondholder is entitled to demand repayment of Bonds by the Issuer in cases and on terms specified by the Decision on the bond issue and the Prospectus on Bonds.

7. A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

Depository:

Full registered name: **Non-commercial partnership "National Depository Center"**

Abbreviated name: **NDC**

Headquarters: **building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009**

INN: **7706131216**

Phone: **(095) 232-05-27**

License number: **177-03431-000100**

Date of license registration: **4.12.2000**

Valid till: **unlimited**

Registration authority: **FCSM of Russia**

Terms and the arrangements of the redemption:

Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer, which is:

Full registered name: ***Joint-stock commercial bank " ROSBANK " (open joint-stock company)***

Abbreviated name: ***OJSC AKB " ROSBANK "***

Location: ***11, Masha Poryvaeva Str., Moscow, 107078***

Postal address: ***mailbox 208, 11, Masha Poryvaeva Str., Moscow, 107078***

The Issuer is entitled to appoint other payment agents and cancel such appointments. Official notice of such appointments shall be published by the Issuer in order and terms specified in Article 11 of the Decision on the bond issue and Article 2.9. of the Prospectus of the Bonds.

Bonds are to be redeemed at their par value on the 1 830th (one thousand eight hundred and thirtieth) day from the starting date of the bonds placement.

If the maturity date happens to be week-end, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

Repayment of Bonds shall be carried out in currency of the Russian Federation by cashless settlement in favor of the Bond Holders. It is presumed that nominal holders of the Bonds being depositors of NDC are authorized to receive amounts from the Bond redemption.

Repayment of Bonds is made for the benefit of Holders of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the maturity date (further under the text - " Date of making up a list of owners and nominal Holders of Bonds).

Obligations on Bonds redemption are executed by the Issuer for the benefit of the Bond owners on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the Maturity Date NDC depositor who is not authorized by the clients to receive amounts from the Bond redemption shall provide NDC with the List of the Bond owners and/or nominal holders of the Bonds including the below mentioned data.

If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:

- ***full name/first name, middle initial, last name the owner of Bonds;***
- ***number of the Bonds owned;***
- ***full name of the person, authorized to receive the redemption sums under Bonds;***
- ***location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code;***
- ***essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds;***
- ***Tax-payer's Identification number (TIN) of the Bond Owner;***
- ***tax status of the Bond Owner.***

If a Bond Owner is a juridical person – non-resident:

- ***personal identification number (IIN) – if any.***

If a Bond Owner is a natural person:

- ***kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;***
- ***number of the certificate of the state retirement insurance of the Bond Owner (if any);***
- ***Tax-payer's Identification number (TIN) of the Bond Owner (if any);***
- ***date, month and year of birth of the Bond Owner.***

Execution of obligations in relation to the Bond owner being those at the date of making up a list of

owners and/or nominal Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and nominal Holders of Bonds.

If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.

If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.

Not later than 4 (four) working days prior to the Maturity Date NDC provides the Issuer and the Payment agent with the list of owners and/or nominal Holders of the Bonds, made on Date of making up the list of owners and/or nominal Holders of Bonds including the following data:

- a) Full name of the person, authorized to receive the redemption sums under Bonds.**
- b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal Holder of Bonds, authorized to receive the sums of repayment under Bonds;**
- c) Location and postal address of the person, authorized to receive the sums of repayment under Bonds;**
- d) Essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds, namely:
 - Number of the account;**
 - The name of bank in which the account is open;**
 - The correspondent account of bank in which the account is open;**
 - Bank identification code (BIK) and Taxpayer's Identification number (TIN) of the bank in which the account is open;****
- e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of repayment under Bonds;**
- f) The tax status of the person authorized to receive the sums of repayment under Bonds.**

Bond Owners, their authorized persons including depositors of NDC are obliged to provide all necessary information to NDC and independently control the completeness and actuality of the data provided by them to the Depository, they bear all the risks related to non-provision/untimely provision of such information.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on Bond redemption. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depository, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

On the basis of the list of Bond Owners and/or nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond redemption amounts.

Not later than 3 (three) working days before the Maturity Date, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of Bonds redemption the Payment Agent transfers the appropriate money to accounts

of the persons authorized to get the sums of redemption under Bonds for the benefit of the Bond Owners.

If one person is authorized to receive Bond redemption amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

The Maturity date:

The first day of the Maturity date:

the 1 830th (one thousand eight hundred and thirtieth) day from the starting date of the bonds placement.

The last day of the Maturity date:

Coincides with the first day of the Maturity date.

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment.

Procedure of calculating income paid under each bond:

Coupon period		Coupon income
Starting date	Expiry date	

1st Coupon: Annual interest rate on the first coupon is to be fixed during the auction held in the MICEX Stock market section among the potential buyers of the Bonds on the starting day of the bond placement (12.3%).

On the date of the Auction the members of the Stock Market Section of MICEX (hereinafter referred to as the Section Members) shall submit target orders for the Bond acquisition with T0 code through the trading system of MICEX in compliance with the Securities Trading Rules of MICEX and other regulatory documents of MICEX both at their own expense and at the expense and on behalf of their client. Time and procedure for submission of orders for participation in the auction on determination of the first coupon interest rate are defined by the Moscow Interbank Currency Stock Exchange as agreed with the Issuer and-or the Underwriter. The members of the Stock Market Section of MICEX shall submit orders for the Bond acquisition to the Underwriter.

Each order shall include the interest rate under the first coupon at which potential buyers are ready to acquire the number of Bonds specified in the order. Interest rate on the first coupon specified in the order shall be expressed as annual interest rate to the 100-th share of percent.

By the beginning of the Auction the members of the Stock Market Section of MICEX participating in the Auction shall have to reserve money resource, sufficient for full payment of the Bonds specified in the orders for purchase including MICEX commission fee.

The orders, which do not conform, to the above-mentioned conditions are not allowed to take part in the Auction.

After the period of submission of the orders for the Auction expires, members of the Stock Market Section of MICEX cannot withdraw the submitted orders.

After the period of submission of the orders for the Auction expires, MICEX shall make a joint register of the submitted orders for the Issuer and/or Underwriter.

The joint register of the submitted orders shall include all terms specified in each order, namely: the price of acquisition, number of securities, date and time of the order's reception as well as the name of the Member of the Section who submitted the order. The joint register of the submitted orders shall be approved by the Financial Consultant in the equity market.

Individual executive body of the Issuer shall make decision on the size of the annual interest rate under the first coupon on the basis of total number of the submitted orders and the interest rates on the first coupon indicated in them. The Issuer shall inform the MICEX about such decision in written form not later than 30 minutes prior to its sending to a news agency. After sending notification on the size of the interest rate under the first coupon to a news agency the Issuer informs the Underwriter about the size of the interest rate under the first coupon. The Underwriter informs all members of the MICEX Stock Market Section about the size of the interest rate under the first coupon fixed by the Issuer using MICEX Trading system by means of e-mail to all members of the MICEX Stock Market Section.

The information on the interest rate under the first coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the first coupon is the first day of the bond placement.</p>	<p>Expiry date of the first coupon is the starting date of the second coupon being the 183d day from the first day of the bond placement.</p>	<p>The size of the first coupon income per one Bond is determined according to the following formula: $KD = C1 * N * (T1 - T0) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C1 - the size of the interest rate of the first coupon, in percentage annual; T0 - starting date of the first coupon period; T1 - expiry date of the first coupon period.</p> <p>The size of coupon income for the first coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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2nd Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon.

<p>Starting date of the second coupon is the 183rd day from the first day of the bond placement.</p>	<p>Expiry date of the second coupon is the starting date of the third coupon being the 366th day from the first day of the bond placement.</p>	<p>The size of the second coupon income per one Bond is determined according to the following formula: $KD = C2 * N * (T2 - T1) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C2 - the size of the interest rate of the second coupon, in percentage annual; T1 - a launch date of the second coupon period; T2 - an expiry date of the second coupon period.</p> <p>The size of coupon income for the second coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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3rd Coupon: The interest rate on the third coupon shall be equal to the interest rate for the first coupon.

<p>Starting date of the third coupon is 366-th day from the first day of the bond placement.</p>	<p>Expiry date of the third coupon is the starting date of the fourth coupon being the 549th day from the first day of the bond placement.</p>	<p>The size of the third coupon income per one Bond is determined according to the following formula: $KD = C3 * N * (T3 - T2) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C3 - the size of the interest rate of the third coupon, in percentage annual; T2 - starting date of the third coupon period;</p>
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		<p>T3 – expiry date of the third coupon period.</p> <p>The size of coupon income for the third coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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4th Coupon: The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fourth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the fourth coupon is the 549-th day from the first day of the bond placement.</p>	<p>Expiry date of the fourth coupon is the starting date of the fifth coupon being the 732nd day from the first day of the bond placement.</p>	<p>The size of the fourth coupon income per one Bond is determined according to the following formula: $KD = C4 * N * (T4 - T3) / (365/100 \%)$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C4 - the size of the interest rate of the fourth coupon, in percentage annual; T3 - a starting date of the fourth coupon period; T4 – an expiry date of the fourth coupon period.</p> <p>The size of coupon income for the fourth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change). the interest rate for the first coupon.</p>
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5th Coupon: The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fifth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the fifth coupon is 732nd day from the first day of the bond placement.</p>	<p>Expiry date of the fifth coupon is the starting date of the sixth coupon being the 915th day from the first day of the bond placement.</p>	<p>The size of the fifth coupon income per one Bond is determined according to the following formula: $KD = C5 * N * (T5 - T4) / (365/100 \%)$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C5 - the size of the interest rate of the fifth coupon, in percentage annual; T4 - a starting date of the fifth coupon period; T5 – an expiry date of the fifth coupon period.</p> <p>The size of coupon income for the fifth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off,</p>
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		namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).
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6th Coupon: The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the sixth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the sixth coupon is 915-th day from the first day of the bond placement.	Expiry date of the sixth coupon is the starting date of the seventh coupon being the 1 098 th day from the first day of the bond placement.	<p>The size of the sixth coupon income per one Bond is determined according to the following formula: $KD = C6 * N * (T6 - T5) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C6 - the size of the interest rate of the sixth coupon, in percentage annual; T5 - a starting date of the sixth coupon period; T6 – an expiry date of the sixth coupon period.</p> <p>The size of coupon income for the sixth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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7th Coupon: The interest rate on the seventh coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the seventh coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the seventh coupon is 1 098 th day from the first day of the bond placement.	Expiry date of the sixth coupon period is the starting date of the eighth coupon being the 1 281 st day from the first day of the bond placement.	<p>The size of the seventh coupon income per one Bond is determined according to the following formula: $KD = C7 * N * (T7 - T6) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C7 - the size of the interest rate of the seventh coupon, in percentage annual; T6 - starting date of the seventh coupon period; T7 – expiry date of the seventh coupon period.</p> <p>The size of coupon income for the seventh coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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8th Coupon: The interest rate on the eighth coupon shall be fixed by the Issuer in numerical value after

the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the eighth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the eighth coupon is the 1 281st day from the first day of the bond placement.</p>	<p>Expiry date of the eighth coupon period is the starting date of the ninth coupon being the 1 464th day from the first day of the bond placement.</p>	<p>The size of the eighth coupon income per one Bond is determined according to the following formula: $KD = C8 * N * (T8 - T7) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C8 - the size of the interest rate of the eighth coupon, in percentage annual; T7 - starting date of the eighth coupon period; T8 – expiry date of the eighth coupon period.</p> <p>The size of coupon income for the eighth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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9TH Coupon: The interest rate on the ninth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the ninth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the ninth coupon is the 1 464th day from the first day of the bond placement.</p>	<p>Expiry date of the ninth coupon period is the starting date of the tenth coupon being the 1 647th day from the first day of the bond placement.</p>	<p>The size of the ninth coupon income per one Bond is determined according to the following formula: $KD = C9 * N * (T9 - T8) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C9 - the size of the interest rate of the ninth coupon, in percentage annual; T8 - starting date of the ninth coupon period; T9 – expiry date of the ninth coupon period.</p> <p>The size of coupon income for the ninth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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10th Coupon: The interest rate on the tenth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the tenth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

<p>Starting date of the tenth coupon is 1647-th day from the first day of the bond placement.</p>	<p>Expiry date of the tenth coupon coincides with the maturity date and is the 1830th day from the first day of the bond placement.</p>	<p>The size of the tenth coupon income per one Bond is determined according to the following formula: $KD = C10 * N * (T10 - T9) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C10 - the size of the interest rate of the tenth coupon, in percentage annual; T9 - starting date of the tenth coupon period; T10 – expiry date of the tenth coupon period.</p> <p>The size of coupon income for the tenth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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Order and term of payment of the income on bonds including order and term of payment of the income on each coupon period.

Coupon period		Period (date) of coupon income payment	Date of making up the list of Bond owners for payment of coupon income
Starting date	Expiry date		

1st Coupon: Annual interest rate on the first coupon is to be fixed during the auction on the starting day of the bond placement

<p>Starting date of the first coupon is the first day of the bond placement.</p>	<p>Expiry date of the first coupon is the starting date of the second coupon being the 183rd day from the first day of the bond placement.</p>	<p>Date of the first coupon income payment is the 183rd day from the first day of the bond placement. If the date of the coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.</p>	<p>Payment of coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before the date of payment of the coupon income on Bonds (hereinafter – Date of making a List of Bond owners and/or Bond nominal Holders).</p>
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Procedure of Coupon Yield payment:

Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.

Bond Owners, their authorized persons including depositors of NDC independently control the completeness and

actuality of the data provided by them to the Depository and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depository, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.

If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:

- full name/first name, middle initial, last name the owner of Bonds;
- number of the Bonds owned;
- full name of the person, authorized to receive the redemption sums under Bonds;
- location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code;
- essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds;
- Tax-payer's Identification number (TIN) of the Bond Owner;
- tax status of the Bond Owner.

If a Bond Owner is a juridical person – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is a natural person:

- kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;
- number of the certificate of the state retirement insurance of the Bond Owner (if any);
- Tax-payer's Identification number (TIN) of the Bond Owner (if any);
- date, month and year of birth of the Bond Owner.

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and nominal Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and nominal Holders of Bonds.

If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.

If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.

Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and nominal Holders of the Bonds, made on the Date of making up the list of owners and nominal Holders of Bonds including the following data:

- a) A full name of the person, authorized to receive the coupon income sums under Bonds.
- b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal

Holder of Bonds, authorized to receive the sums of coupon income under Bonds;

c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;

d) Essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:

- Number of the account;
- The name of the bank in which the account is open;
- The correspondent account of the bank in which the account is open;
- Bank identification code (BIK) and Tax-payer's Identification number (TIN) of the bank in which the account is open;

e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;

f) The tax status of the person authorized to receive the sums of coupon income under Bonds.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.

On the basis of the list of Bond Owners and nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.

Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.

If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

2nd Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon

Starting date of the second coupon is the 183 rd day from the first day of the bond placement.	Expiry date of the second coupon is the starting date of the third coupon period being the 366 th day from the first day of the bond placement.	Date of the second coupon income payment is the 366 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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Procedure of coupon income payment:

Procedure of the second coupon income payment is the same as that of the first coupon income payment.

3rd Coupon: The interest yield for the third coupon will be equal to the interest rate for the first coupon.

Starting date of the third coupon is the 366 th day from the first day of the bond placement.	Expiry date of the third coupon is the starting date of the fourth coupon period being the 549 th day from the first day of the bond placement.	Date of the third coupon income payment is the 549 th day from the first day of the bond placement. If the date of coupon income payment happens	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC,
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	placement.	to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
<p>Procedure of coupon income payment: Procedure of the third coupon income payment is the same as that of the first coupon income payment.</p>			

4th Coupon: The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fourth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the fourth coupon is the 549 th day from the first day of the bond placement.	Expiry date of the fourth coupon is the starting date of the fifth coupon period being the 732 nd day from the first day of the bond placement.	Date of the fourth coupon income payment is the 732 nd day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
<p>Procedure of coupon income payment: Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.</p>			

5th Coupon: The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fifth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the fifth coupon is the 732 nd day from the first day of the bond placement.	Expiry date of the fifth coupon is the starting date of the sixth coupon period being the 915 th day from the first day of the bond placement.	Date of the fifth coupon income payment is the 915 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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		delay of payment.	
Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6th Coupon: The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the sixth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the sixth coupon is the 915 th day from the first day of the bond placement.	Expiry date of the sixth coupon is the starting date of the seventh coupon period being the 1 098 th day from the first day of the bond placement.	Date of the sixth coupon income payment is the 1 098 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the sixth coupon income payment is the same as that of the first coupon income payment			

7th Coupon: The interest rate on the seventh coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the seventh coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the seventh coupon is the 1 098 th day from the first day of the bond placement.	Expiry date of the seventh coupon is the starting date of the eighth coupon period being the 1 281 st day from the first day of the bond placement.	Date of the seventh coupon income payment is the 1 281 st day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the seventh coupon income payment is the same as that of the first coupon income payment			

8th Coupon: The interest rate on the eighth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the eighth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item

2.9 of the Emissive Prospectus of the securities.

Starting date of the eighth coupon is the 1 281 st day from the first day of the bond placement.	Expiry date of the eighth coupon is the starting date of the ninth coupon period being the 1 464 th day from the first day of the bond placement.	Date of the eighth coupon income payment is the 1 464 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the eighth coupon income payment is the same as that of the first coupon income payment			

9th Coupon: The interest rate on the ninth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the ninth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the ninth coupon is the 1 464 th day from the first day of the bond placement.	Expiry date of the ninth coupon is the starting date of the tenth coupon period being the 1 647 th day from the first day of the bond placement.	Date of the ninth coupon income payment is the 1 647 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the ninth coupon income payment is the same as that of the first coupon income payment			

10th Coupon: The interest rate on the tenth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the tenth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Emissive Prospectus of the securities.

Starting date of the tenth coupon is the 1 647 th day from the first day of the bond placement.	Expiry date of the tenth coupon coincides with the maturity date and is the 1830 th day from the first day of the bond placement.	Date of the tenth coupon income payment is the 1 830 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day
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		any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the tenth coupon income payment is the same as that of the first coupon income payment			

Kind of security: *underwriting*

8.3.3. Data on the Issues, the Issuer's Commitments under the Securities of Which Have not Been Fulfilled (Default)

No such issues.

8.4. Data on the Person(s) Providing Security for the Bonds of the Issue

1) Data on the person providing security for series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Closed joint-stock company " Management company " Baltic Financial Agency " (since 10.11.2003 – Private Joint –Stock Company "Management Company PSB).*

Abbreviated name: *CJSC " Management company "BFA" (since 10.11.2003 – PJSC "MK PSB"*

Location: *212, Moskovskiy pr., Saint Petersburg, 196066*

2) Data on the person providing security for series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Company with Limited Liability "UTK-Finance "*

Abbreviated name: *"UTK-Finance " Ltd*

Location: *66, Karasunskaya Str., Krasnodar, 350000*

3) Data on the person providing security for series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Company with Limited Liability "UTK-Finance "*

Abbreviated name: *"UTK-Finance " Ltd*

Location: *66, Karasunskaya Str., Krasnodar, 350000*

8.5. Conditions of Ensuring Fulfillment of Commitments under the Bonds of the Issue

1) **Conditions of ensuring fulfillment of commitments under series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

Kind of security: *underwriting.*

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

Maximum sum - the size of obligations of the Underwriter under the given security, shall not exceed 1,500,000,000 (one and a half billion) rubles.

Underwriting is an unconditional and irrevocable commitment of the Underwriter to each owner of Bonds to pay the sum equal to par value of Bonds, to be paid by the Issuer according to the Decision on Bond Issue and the Prospectus of Bonds (hereinafter referred to as - terms of Bond Issue) to any owner of Bonds, for any reason, in time, currency and at the date, stipulated by terms of Bond Issue

within the limits of the Maximum sum.

Acquisition of Bonds means the conclusion of contract of the guarantee among the purchaser of Bonds (further – Bond owners) and the Underwriter. Rights under the specified contract of guarantee shall be transferred to a purchaser together with other rights on Bonds in the same volume and on the same conditions, which exist at the moment of transferring such rights.

The Underwriter and the Issuer carry joint liability before Bond owners under obligations to pay par value of the Bonds arising in connection with Bond issue and placement.

Procedure of making claims by Bond owners to the Underwriter

Under condition of reception of the notice from the owner of Bonds about non-fulfillment of payment by the Issuer the Underwriter undertakes to provide (without any demand to the owner of Bonds to take measures concerning the Issuer or any other person) fulfillment of such payment as though the Underwriter has been specified instead of the Issuer as the basic person who has accepted the terms of Bond issue so that the Owner of Bonds would receive the same sum of the same currency as he should receive if this payment would be made by the Issuer according to terms of Bond issue, within no more than 70 (seventy) days after the date of such payment, but as a whole not later than 10 (ten) days after receiving the notice from the owner of Bonds.

The notice should be made in writing and sent to the Underwriter by registered mail or handed the authorized representative of the Underwriter on receipt.

The notice may be directed to the Underwriter during 60 (sixty) days from the moment of non-fulfillment of payment by the Issuer to the postal address of Joint-Stock Company " Management company "BFA": 212, Moskovskiy pr., Saint Petersburg, 196066 Russia

The following documents should be enclosed to the notice:

- ***A copy of an extract from the account of depot (inter-deposit account) of the Depository of the owner of Bonds in the Depository as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of Bonds;***
- ***A copy of an extract from the account of depot of the owner of Bonds as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of the Bonds, certified by the Depository of the owner of Bonds in case the account of Bonds is carried out in the Depository of the owner of Bonds having inter-deposit account in the Depository;***
- ***The documents confirming powers of persons who have signed the claim on behalf of the owner of Bonds (in case of presentation of the claim by the authorized persons of the owner of Bonds);***
- ***Notarized samples of signatures of the persons who have signed the claim on behalf of the owner of Bonds.***

The notice should include amount of money to be paid to the owner of Bonds under the underwriting as well as description of the breach of the Issuer's obligations secured by the Underwriter.

Claim to the Underwriter can be made by a person – depositor of the Depository, which keeps the bonds (hereinafter referred to as - "Bond Holder") for the benefit of Bond owners being depositors of such Bond Holder. In this case, Bond Holder should confirm its powers in the claim applications on behalf of owners of Bonds.

The notice should contain payment essential elements and other data of the person making the claim (the name for the legal person or a surname, name and patronymic for the physical person, the address of his site (residence), TIN, for physical persons - passport data, for legal entities - codes OKPO and OKVED (OKONKh), for bank establishments - BIK), necessary for transferring money to the owner of Bonds. The claim on payment of cash shall not be satisfied.

Within 10 (ten) days from the date of receiving the above-stated documents, the Underwriter shall carry out their check and in case they meet the requirements of the present Guarantee, fulfill payment of the sum due to the owner of Bonds, according to the payment essential elements specified in the claim. Obligations of the Underwriter are considered executed from the moment of charge-off of the corresponding sum from the account of the Underwriter for the benefit of the owner of Bonds.

If the Notice or the enclosed documents do not meet the requirements of the present Guarantee, the Underwriter is obliged to send notification on the reasons of refusal to satisfy the claim of the Bond owner to the owner of Bonds not later than 5 (five) working days from the moment of receiving the requirement.

The Issuer's net assets as of the date of providing security, RUR ths: **12, 362, 359**

Net assets of the juridical person underwriting the Issuer's bond issue, RUR ths: **15**

2) Conditions of ensuring fulfillment of commitments under series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Kind of security: ***underwriting.***

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

Size of security (RUR): Total par value of the Bonds amounting to 1,500,000,000 (one billion five hundred million) rubles and the cumulative coupon income under Bonds.

The size of commitments secured by the Underwriter cannot exceed 2,400,000,000 (Two billion four hundred million) rubles.

Procedure of exercising by Bond owners their right on provided security:

Item 12.2 of the Decision on Bond Issue and item 56.14 of the Prospectus on the bond issue represent the offer of the Underwriter to conclude the contract of guarantee on the stated conditions (hereinafter referred to as - "Offer").

By this Offer the Underwriter undertakes to assume liability before the buyers of the bonds (hereinafter referred to as – Owners of the bonds) under the Issuer's obligations to pay total par value of the Bond issue amounting to RUR 1.5 billion as well as cumulative coupon income under Bonds (hereinafter referred to as - Obligations) in the order set forth in the Decision on bond issue and the Prospectus of Bonds, aimed at due execution by Public Joint –Stock Company "UTK" (hereinafter referred to as - the Issuer) obligations under series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody, total amount of 1,500,000 (one million five hundred thousand) bonds with face value of 1,000 (one thousand) rubles each (hereinafter referred to as – Bonds).

The Underwriter and the Issuer carry joint liability before Owners of Bonds under Obligations.

The size of commitments secured by the Underwriter cannot exceed 2,400,000,000 (Two billion four hundred million) rubles. The Underwriter shall not be responsible for compensation of the Owners' legal costs incurred during the arbitration and other losses of Owners and / or penalties caused by default or inadequate execution by the Issuer of its obligations on payment of par value of Bonds and / or coupon income under Bonds.

The Underwriter shall execute the Obligations if all the following conditions are present at the same time:

- A Bond Owner or a person properly authorized by the Owner has submitted a Claim on execution of the corresponding Obligation to the Underwriter (hereinafter referred to as - the Claim);

- The Claim shall contain:

(a) Nature of Obligations that were not fulfilled by the Issuer before the Owner;

(b) The size of non-fulfilled Obligations of the Issuer before the Owner;

(c) The full registered name (First name, middle initial, last name - for the natural person) of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(d) The location of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(e) For the natural person - a series and number of the passport, date of issue and issuing body;

(f) Name of the country where the Owner is a tax resident;

(g) Number of Bonds owned by the Owner under which payments are to be made; and

(h) Essential elements of the bank account of the Owner or the person, authorized to receive payments under Obligations;

- The following documents should be enclosed to the Claim:

(a) A copy of an extract from the account of depot of the owner of Bonds certified by the Depository recording the rights under Bonds with indication of the number of the Bonds belonging to the Owner, or other document confirming the rights of the Owner on the Bonds;

(b) duly executed according to the effective legislation of the Russian Federation documents confirming powers of the authorized person (in case of submission of the Claim by the authorized person of the owner of Bonds);

- The Claim shall be signed by the Owner or the person, authorized to receive payments under Obligations. If the Claim is submitted by the legal person, it should contain a seal of this legal person.

Claims can be submitted to the Underwriter during two years from the Maturity date of the Bond issue fixed in the Decision on bond issue and the Prospectus of Bonds.

The Underwriter shall make the corresponding payments on the account specified in the Claim not later than 30 (Thirty) days from the date of the receipt of the Claim.

Acquisition of Bonds means the acceptance of the Offer, namely, the conclusion of the contract of guarantee between the buyers of the Bonds and the Underwriter on the conditions stated above. The specified contract of guarantee is considered concluded from the moment of obtaining the property rights on Bonds by the first Owner, at that, the written form of the contract of guarantee is considered observed. Rights under the specified contract of guarantee shall be transferred to a purchaser together with other rights on Bonds in the same volume and on the same conditions, which exist at the moment of transferring such rights. Transfer of the rights arising from the specified contract of guarantee is declared invalid without transfer of the rights under the Bonds. The Offer is irrevocable.

Any dispute arising out of the given Offer and the contract of guarantee concluded by means of the acceptance of the Offer shall be settled by Arbitration court of Moscow or in the court of the general jurisdiction at the place of the sued party residence.

Terms of underwriting are regulated and subject to interpretation according to the legislation of the Russian Federation.

The Issuer's net assets as of the date of providing security, RUR ths: **12, 322, 700**

Net assets of the juridical person underwriting the Issuer's bond issue, RUR ths: **- 3, 993**

The Issuer's net assets as of the last reporting date prior to providing security, RUR ths: **12, 322, 700**

Net assets of the legal entity underwriting the Issuer's bond issue as of the last reporting date prior to providing security, RUR ths: **15**

3) Conditions of ensuring fulfillment of commitments under series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Kind of security: **underwriting.**

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

Size of security (RUR): Total par value of the Bonds amounting to 3,500,000,000 (three billion five hundred million) rubles and the cumulative coupon income under Bonds.

Procedure of exercising by Bond owners their right on provided security:

Item 12.2 of the Decision on Bond Issue and item 9.1.2 of the Prospectus on the bond issue represent the offer of the Underwriter to conclude the contract of guarantee on the stated conditions

(hereinafter referred to as - "Offer").

By this Offer the Underwriter undertakes to assume liability before the buyers of the bonds (hereinafter referred to as – Owners of the bonds) under the Issuer’s obligations to pay total par value of the Bond issue amounting to RUR 3.5 billion as well as cumulative coupon income under Bonds (hereinafter referred to as - Obligations) in the order set forth in the Decision on bond issue and the Prospectus of Bonds, aimed at due execution by Public Joint –Stock Company “UTK” (hereinafter referred to as - the Issuer) obligations under series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody, total amount of 3,500,000 (three million five hundred thousand) bonds with face value of 1,000 (one thousand) rubles each (hereinafter referred to as – Bonds).

The Underwriter and the Issuer carry joint liability before Owners of Bonds under Obligations.

The size of commitments secured by the Underwriter cannot exceed total par value of the bond issue constituting 3,500,000,000 (Three billion five hundred million) rubles and cumulative coupon income under 3,500,000 (three million five hundred thousand) bonds. The Underwriter shall not be responsible for compensation of the Owners’ legal costs incurred during the arbitration and other losses of Owners and / or penalties caused by default or inadequate execution by the Issuer of its obligations on payment of par value of Bonds and / or coupon income under Bonds.

The Underwriter shall execute the Obligations if all the following conditions are present at the same time:

- A Bond Owner or a person properly authorized by the Owner has submitted a Claim on execution of the corresponding Obligation to the Underwriter (hereinafter referred to as - the Claim);

- The Claim shall contain:

(a) Nature of Obligations that were not fulfilled by the Issuer before the Owner;

(b) The size of non-fulfilled Obligations of the Issuer before the Owner;

(c) The full registered name (First name, middle initial, last name - for the natural person) of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(d) The location of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(e) For the natural person - a series and number of the passport, date of issue and issuing body;

(f) Name of the country where the Owner is a tax resident;

(g) Number of Bonds owned by the Owner under which payments are to be made; and

(h) Essential elements of the bank account of the Owner or the person, authorized to receive payments under Obligations;

- The following documents should be enclosed to the Claim:

(a) A copy of an extract from the account of depot of the owner of Bonds certified by the Depository recording the rights under Bonds with indication of the number of the Bonds belonging to the Owner, or other document confirming the rights of the Owner on the Bonds;

(b) duly executed according to the effective legislation of the Russian Federation documents confirming powers of the authorized person (in case of submission of the Claim by the authorized person of the owner of Bonds);

- The Claim shall be signed by the Owner or the person, authorized to receive payments under Obligations. If the Claim is submitted by the legal person, it should contain a seal of this legal person.

Claims can be submitted to the Underwriter during two years from the Maturity date of the Bond issue fixed in the Decision on bond issue and the Prospectus of Bonds.

The Underwriter shall make the corresponding payments on the account specified in the Claim not later than 30 (Thirty) days from the date of the receipt of the Claim.

Acquisition of Bonds means the acceptance of the Offer, namely, the conclusion of the contract of

guarantee between the buyers of the Bonds and the Underwriter on the conditions stated above. The specified contract of guarantee is considered concluded from the moment of obtaining the property rights on Bonds by the first Owner, at that, the written form of the contract of guarantee is considered observed. Rights under the specified contract of guarantee shall be transferred to a purchaser together with other rights on Bonds in the same volume and on the same conditions, which exist at the moment of transferring such rights. Transfer of the rights arising from the specified contract of guarantee is declared invalid without transfer of the rights under the Bonds. The Offer is irrevocable.

Any dispute arising out of the given Offer and the contract of guarantee concluded by means of the acceptance of the Offer shall be settled by Arbitration court of Moscow or in the court of the general jurisdiction at the place of the sued party residence.

Terms of underwriting are regulated and subject to interpretation according to the legislation of the Russian Federation.

The Issuer's net assets as of the last reporting date prior to providing security, RUR ths: **12, 872, 338**

Net assets of the juridical person underwriting the Issuer's bond issue as of the last reporting date prior to providing security, RUR ths: **15.67**

8.6. Data on Organizations Registering Titles to Issuer's Securities

Registrar:

Full registered name: **Private Joint –Stock Company "Registrar-Svyaz"**

Abbreviated registered name **ZAO " Registrar-Svyaz "**

Location: **15a, Kalanchevskaya Str., Moscow, 107078**

License:

Number: **10-000-1-00258**

Date of issue: **1.10.2002**

Valid till: **unlimited**

Authority issuing the license: **Federal Commission for the Securities Market of the Russian Federation**

Date since which the Issuer's registered securities register is kept by the said registrar: **01.07.2002**

Depository providing centralized custody of issuer's securities:

Full registered name: **"National Depository Center" Non-commercial partnership**

Abbreviated registered name: **NDC**

Location: **1/13 Sredniy Kislovskiy per., Moscow, Russia, 103009**

License:

No. of license: **177-03431-000010**

Date of issue: **4.12.2000**

Period: **unlimited**

Authority issuing the license: **Federal Commission for Securities Market**

8.7. Data on Legislative Acts Regulating the Issues of Import and Export of Capital That may Influence the Payment of Dividend, Interest and Other Amounts to Non-Residents

1. Law of the Russian Federation of 09.10.92 № 3615-1 "On Currency Exchange Regulation and Control";

2. Law of the Russian Federation of 10.12.2003 № 173-FZ "On Currency Exchange Regulation and Control";

3. *Federal Law of 07.08.2001 № 115-FZ "On Counteractions to Money-Laundering and Financing Terrorism"*.

4. *Federal Law of July 9, 1999 N 160-FZ "On Foreign Investments in the Russian Federation"*.

5. *Decree of the Government of the Russian Federation of June 9, 2001 N 456 "On Conclusion of the Agreement between the Government of the Russian Federation and governments of foreign countries on Stimulation and Mutual Protection of Capital Investments"*.

6. *Federal Law of 25.02. 1999 №39 – FZ "On investment activity in the Russian Federation performed in the form of foreign capital investments" (edition of the Federal Law of 22.01.2000 № 22-FZ.*

7. *International double taxation agreements of the Russian Federation.*

8.8. Description of the Taxation Procedure for Income under Issuer's Placed Securities

Taxation of income of legal entities under the placed securities received in the form of dividends according to the current legislation

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Dividends	
Kind of the tax on income under securities	Tax on income	
Tax rates	9 %	15 %
Procedure and terms of tax payment	Dividends are subject to a tax deducted from the source of income payment and transferred to the federal budget by the fiscal agent within 10 days from the date of income payment.	The tax amount deducted from the foreign organizations is transferred by the tax agent to the federal budget together with payment of the income either in currency of payment of this income or in currency of the Russian Federation at the official rate of the Central bank of the Russian Federation as at the date of tax payment.
Peculiarities of taxation of the given category of owners of securities	The total tax amount is determined from differences between the sum of the dividends to be distributed among shareholders-residents in the current tax period and the sum of the dividends received by the fiscal agent himself in the current accounting (tax) period. In case the received difference is negative, the duty on tax payment does not arise and compensation from the budget is not made. The tax amount to be deducted from taxable income of the taxpayer - recipient of dividends, is calculated on the basis of the total tax amount and share of each taxpayer in the total sum of dividends.	Double taxation agreements The rules of double taxation agreements. If a foreign company is entitled to avoid tax under a double tax agreement, it should provide documentary evidence in advance to any fiscal agent from which it receives dividends to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement. The tax authority of that state must certify this confirmation. If such confirmation was not filed prior to the date of income tax payment, the tax agent is obliged to deduct the tax from the income of foreign company. In accordance with item 2 of article 312 of the RF Tax Code the income recipient is entitled to claim the tax back from the Russian tax authority within three years from the end of taxation period in which he received this income. Foreign company –

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
		income recipient needs to fill out and present all necessary forms specified in article 312 of the RF Tax Code to the tax agency, which registered the tax agent. The deducted tax is to be refunded within one month from the date of submitting application and necessary documents.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 25 of the RF Tax Code "The taxation of companies"	

Taxation of income of individuals under the placed securities received in the form of dividends according to the current legislation

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Foreign individuals – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Dividend	
Kind of the tax on income under securities	Income tax	
Tax rates	9 %	30 %
Procedure and terms of tax payment	Russian organization being a source of income of the taxpayer gained in the form of dividends (the tax agent) is obliged to deduct the tax amount from income of the taxpayer and transfer it to the corresponding budget. The tax amount is deducted directly from the taxpayer's income at its actual payment. Tax agents are obliged to transfer the tax amounts not later than on the day of actual reception of available money resources for income payment in the bank, and also on the day of transfer of income sums from bank accounts of tax agents to accounts of the tax-payer or on his instruction - to bank accounts of the third parties	
Peculiarities of taxation of the given category of owners of securities	The total tax amount is determined from differences between the sum of the dividends to be distributed among shareholders-residents in the current tax period and the sum of the dividends received by the fiscal agent himself in the current accounting (tax) period. In case the received difference is negative, the duty on tax payment does not arise and compensation from the budget is not made. The tax amount to be deducted from taxable income of the taxpayer - recipient of dividends, is calculated on the basis of the total tax amount and share of each taxpayer in the total sum of dividends.	The rules of double taxation agreements. If a tax payer is entitled to avoid tax under a double tax agreement, he should provide documentary evidence in advance to any fiscal agent from which it receives dividends to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement. This confirmation can be presented prior to tax payment or within one year after the end of taxation period for which he intends to receive tax exemption or other benefits.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 23 of the RF Tax Code "The taxation of individuals" (restated and amended), Article 275 of the RF Tax Code	

Taxation of income of legal entities from realization of the placed as well as interest under bonds of the Issuer according to the current legislation

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Income from realization of securities as well as income under the bond issue	Income from realization of shares of Russian organizations, over 50 per cent of the assets of which consist of real estate situated in the territory of the Russian Federation as well as income under the bond issue.
Kind of the tax on income under securities	Income tax	
Tax rates	24% including: 5% - to Federal budget; 17% to the budget of the subject of the Russian Federation; 2% to the municipal budget. Legislative bodies of the subjects of the Russian Federation are entitled to reduce tax rate to 10.5% for the tax amounts deducted to the budgets of the subjects of the Russian Federation for some categories of taxpayers.	20 %
Procedure and terms of tax payment	The tax subject to payment after the expiry of tax period is paid not later than on March 28 of the year following the expired tax period. Quarterly advance payments are paid not later than 28 days from the expiry date of the corresponding accounting period. Monthly advance payments are paid not later than on the 28 th day of each month of this accounting period. The taxpayers calculating monthly advance payments on the basis of actually received income should pay advance payments not later than on the 28 th day of the month following the accounting period. According to the results of the accounting (tax) period amounts of the monthly advance payments paid during the accounting (tax) period, are taken into consideration at payment of advance payments on the results of the accounting period. Advance payments according to the results of the accounting period are taken into consideration at tax payment on results of the tax period.	The tax amount is calculated and deducted by the Russian organization which pays out income to the foreign organizations at each income payment and is transferred by the tax agent to the federal budget together with payment of the income either in currency of payment of this income or in currency of the Russian Federation at the official rate of the Central bank of the Russian Federation as at the date of tax payment.
Peculiarities of taxation of the given category of owners of securities		If prior to income payment a foreign company provides documentary evidence to the fiscal agent from which it receives dividends to confirm that it is a tax resident of a state with which the

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
		Russian Federation has a double taxation agreement, it can avoid paying income tax or reduce the tax rate.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 25 of the RF Tax Code "The taxation of companies"	

Taxation of income of individuals from realization of the placed as well as interest under bonds of the Issuer according to the current legislation

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Individuals – tax residents of the Russian Federation
Form of income under placed securities	Income from sources in the Russian Federation includes interest received from the Russian organization as well as interest received from the Russian individual businessmen and (or) the foreign organization operating through a permanent representative office in the Russian Federation; incomes from realization of shares or other securities in the Russian Federation as well as stocks in the authorized capital of the organizations. The income (loss) related to a transaction of purchase and sale of securities is determined as the difference between the amounts obtained from realization of securities and the expenses for acquisition, realization and care of securities, actually incurred by the tax-payer and evidenced by documents, or the property deductions applied for reduction of income from the transaction of sale and purchase.	
Kind of the tax on income under securities	Income tax	
Tax rates	13 %	30 %
Procedure and terms of tax payment	Calculation and payment of the tax amount is effected by the fiscal agent upon expiry of the tax period or when it pays money to the taxpayer before the expiry of the respective tax period. If the fiscal agent makes payments before the expiration of the respective tax period the tax is paid from income share corresponding to the actual sum of paid money.	
Peculiarities of taxation of the given category of owners of securities	If after 01.01.2002 a taxpayer's expenses cannot be evidenced by documents, he or she is entitled to resort to a property tax deduction in the sum received from sale of securities, but not exceeding 125000 rubles. If a taxpayer owns the securities to be sold for more than three years, the property tax deduction is applied in the sum received by the taxpayer from realization of securities.	The rules of double taxation agreements. If a tax payer is entitled to avoid tax under a double tax agreement, he should provide documentary evidence in advance to any fiscal agent from which it receives dividends to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement. This confirmation can be presented prior to tax payment or within one year after the end of taxation period for which he intends to receive tax exemption or other benefits.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 23 of the RF Tax Code "The taxation of individuals" (restated and amended)	

8.9. Data on Stated (Accrued) and Paid Dividend under Issuer's Shares, and on Income Yielded by Issuer's Bonds

Data on Stated (Accrued) and Paid Dividend under Issuer's common stock:

Description	2000	2001	2002	2003	2004
Stock category, type – for preferred shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Amount of stated (accrued) dividend under issuer's shares of each category per share, RUR	2.94	0.18908	0.0812	0.0812	0.00934
Amount of stated (accrued) dividend under issuer's shares in the aggregate for all shares of one category, RUR	31,027,070	217,492,829	240,393,653	240,393,653	27,651,188.50
Name of the Issuer's governing body taking the decision on (stating) payment of dividend under issuer's shares:	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting
Date of the General Shareholders' Meeting, Date and Number of the minutes of the meeting of the issuer's governing body taking the decision on payment (stating) of dividend:	Minutes № 10 of 30.05.2001	Minutes № 12 of 21.06.2002	Minutes № 14 of 25.06.2003	Minutes № 15 of 30.06.2004	Minutes № 16 of 30.06.2005
Time fixed for payment of the stated dividend under the issuer's shares	Not later than 31.12.2001	Not later than 31.12.2002	Not later than 31.12.2003	Not later than 15.12.2004	Not later than 15.12.2005
Form and other terms of payment of the stated dividend under the issuer's shares	cash	cash	cash	cash	cash
Period under report, for which the stated dividends under the issuer's shares are (were) paid	One year	One year	One year	One year	One year
Total amount of paid dividend, RUR	31,027,070	181,459,456	230,660,841	237,019,970	0
Reasons of non-payment of the stated dividends	-	Wrong essential elements, shareholders' addresses have changed	Wrong essential elements, shareholders' addresses have changed	Wrong essential elements, shareholders' addresses have changed	The date of payment has not occurred yet

Data on Stated (Accrued) and Paid Dividend under Issuer's preferred stock:

Description	2000	2001	2002	2003	2004
Stock category, type – for preferred shares	Preferred type A shares	Preferred type A shares	Preferred type A shares	Preferred type A shares	Preferred type A shares
Amount of stated (accrued) dividend under issuer's shares of each category per share, RUR	11.06	0.18908	0.1607	0.11114	0.02847
Amount of stated (accrued) dividend under issuer's shares in the aggregate for all shares of one category, RUR	38,907,145	72,497,266	156,224,800	108,044,955	27,677,167.04
Name of the Issuer's governing body taking the decision on (stating) payment of dividend under issuer's shares:	General Shareholders' Meeting				
Date of the General Shareholders' Meeting, Date and Number of the minutes of the meeting of the issuer's governing body taking the decision on payment (stating) of dividend:	Minutes № 10 of 30.05.2001	Minutes № 12 of 21.06.2002	Minutes № 14 of 25.06.2003	Minutes № 15 of 30.06.2004	Minutes № 16 of 30.06.2005
Time fixed for payment of the stated dividend under the issuer's shares	Prior to 29.07.2001	Prior to 20.08.2002	Prior to 24.08.2003	Prior to 29.08.2004	Prior to 29.08.2005
Form and other terms of payment of the stated dividend under the issuer's shares	cash	cash	cash	cash	cash
Period under report, for which the stated dividends under the issuer's	One year				

Description	2000	2001	2002	2003	2004
shares are (were) paid					
Total amount of paid dividend, RUR	38,186,535	72,497,266	137,034,609	104,633,173	0
Reasons of non-payment of the stated dividends	Wrong essential elements, shareholders' addresses have changed	-	Wrong essential elements, shareholders' addresses have changed	Wrong essential elements, shareholders' addresses have changed	The date of payment has not occurred yet

Data on paid income under the Issuer's bonds:

Type of securities (bonds), series, form and other identification characteristics of the bond issue	Registered documentary series K-1 bonds	non-Registered documentary series K-2 bonds	Registered documentary series K-1 bonds	non-Registered documentary series C-2 bonds
The state registration Number of the bond issue and date of the state registration	4-01-00062-A of 15.08.2002	4-02-00062-A of 15.08.2002	4-03-00062-A of 15.08.2002	4-04-00062-A of 15.08.2002
Date of the state registration of the report on the results of the bond issue	20.12.2002	20.12.2002	20.12.2002	20.12.2002
Number of bonds of the issue	500.00	500	3,566	6
Face value of each bond of the issue and total par value of the bond issue	500.00	500	2,500	300
Type of income paid under the bond issue (par value, coupon income, other)	Face value, interest rate	Face value, interest rate	Face value, interest rate	Face value, interest rate
Amount of income to be paid under the bond issue per bond, RUR	500.50	502.50	At maturity a Bondholder is entitled to get a par value of the bond except for the cost of telephone installation as at the date of its installation.	Annual fixed income payment amounting to 1 percent of the bond's par value. If technically possible in "Sevosetinelectrosvyaz" – branch of "UTK" PJSC, a bond owner shall have the right of advance repayment of the bond by installation of telephone with top priority not later than one year from the date of the bond primary placement. At that face value of the bond and interest income on it for all period are being retired.
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	250,250.00	251,250.00	1,306,250	Not applicable
Time fixed for payment of income under the bond issue	from 01.10.2003 to 31.12.2003	from 01.10.2002 to 31.12.2002	10.05.2000 - 01.07.2003	01.10.2005 - 01.11.2005
Form and other terms of payment of the income under the bond issue	Forms of payments: in cash, cashless Payments are made: -in cash from the cash desk of "KabBalktelecom" branch of "UTK" PJSC; by bank transfer in favor of the bond owners (bank details should be indicated in the application of the bond owner)	Forms of payments: in cash, cashless Payments are made: -in cash from the cash desk of "KabBalktelecom" branch of "UTK" PJSC; by bank transfer in favor of the bond owners (bank details should be indicated in the application of the bond owner).	In cash	At maturity the bond owner shall receive a par value of the bond and the interest income on the bond not later than 7 (seven) days from the date of submission of the application on redemption
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	from 31.10.2002 to 01.10.2003	from 04.05.2002 to 01.10.2002	Stage-by-stage, for the whole period of circulation	Stage-by-stage, for the whole period of circulation
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	250,250.00	251,250.00	1,306,250	0
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	Bond owners do not require income payment	Bond owners do not require income payment	Bond owners do not require income payment	-
Other information on bond income specified at the Issuer's own discretion	No other information	No other information	Annual fixed income payment amounting to 1 percent of the bond's par value. In case of	No other information

			delayed interest payment on the bonds the penalty is charged amounting to bank-rate of Sberbank of Russia for current accounts. The penalty is to be paid at one time with the interest payment on the bonds.	
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Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody		
The state registration number of the bond issue and date of the state registration	4-05-00062-A of 15.08.2003		
Date of the state registration of the report on the results of the bond issue	21.10.2003		
Number of bonds of the issue	1,500,000		
Face value of each bond of the issue and total par value of the bond issue	1,000		
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)	Coupon income (3 rd coupon)
Amount of income to be paid under the bond issue per bond, RUR	71.01	71.00	71.00
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	106,515,000.00	106,500,000.00	106,500,000.00
Time fixed for payment of income under the bond issue	18.03.2004	16.09.2004	17.03.2005
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	18.09.2003 – 18.03.2004 (182 days)	18.03.2004 – 16.09.2004 (182 days)	16.09.2004 – 17.03.2005 (182 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the Bond coupon income is effected in the currency of the Russian Federation in the non-cash order to the persons included by the Depositary in the list of owners and holders of Bonds, for the benefit of owners of Bonds. On the basis of the list of Bond Owners and Holders, provided by the Depositary, the Payment Agent calculates the amounts of money to be paid to each Bond Owner and Holders authorized to receive sums of coupon income on Bonds. As at the date of payment of coupon income the Payment Agent transfers the appropriate money to accounts of the persons authorized to get sums of coupon income under Bonds, specified in the list of the Bond Holders and Owners.</p> <p>If one person is authorized to receive sums of coupon income for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner. The Bond holders who are not owners of Bonds, transfer money received as sums of coupon income payment to the Bond owners according to the procedure determined between the Holder of Bonds and the owner of Bonds.</p> <p>Obligations of the Issuer on payment of coupon income on Bonds redemption are considered executed after charge-off of money from the correspondent account of the bank serving the Issuer and-or the correspondent account of the bank / credit organization of the Payment agent in return for the coupon income in favor of owners and Holders of Bonds.</p>		
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	319,515,000.00		
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-		
Other information on bond income specified at the Issuer's own discretion	No other information		

Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody		
The state registration number of the bond issue and date of the state registration	4-06-00062-A of 28.11.2003		
Date of the state registration of the report on the results of the bond issue	19.03.2004		

Number of bonds of the issue	1,500,000	
Face value of each bond of the issue and total par value of the bond issue	1,000	
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)
Amount of income to be paid under the bond issue per bond, RUR	46.12	46.12
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	69,180,000.00	69,180,000.00
Time fixed for payment of income under the bond issue	11.08.2004	09.02.2005
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	11.02.2004 – 11.08.2004 (182 days)	11.08.2004 – 09.02.2005 (182 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.</p> <p>Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depository and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.</p> <p>Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or Holders of Bonds presented by NDC.</p> <p>Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.</p> <p>Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds.</p> <p>Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and Holders of the Bonds, made on the Date of making up the list of owners and Holders of Bonds including the following data:</p> <p>a) A full name of the person, authorized to receive the coupon income sums under Bonds.</p> <p>If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums of coupon income under Bonds, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get the sums of coupon income under Bonds, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:</p> <p>b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive the sums of coupon income under Bonds;</p> <p>c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>d) The name and essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:</p> <ul style="list-style-type: none"> - Number of the account; - The name of bank in which the account is open; - The correspondent account of bank in which the account is open; - Bank identification code (BIK) of bank in which the account is open; <p>e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;</p>	

	<p>f) The tax status of the person authorized to receive the sums of coupon income under Bonds.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.</p> <p>On the basis of the list of Bond Owners and Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.</p> <p>Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.</p> <p>As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.</p> <p>If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.</p> <p>If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.</p>
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	138,360,000.00
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-
Other information on bond income specified at the Issuer's own discretion	No other information

Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody
The state registration number of the bond issue and date of the state registration	4-07-00062-A of 17.08.2004
Date of the state registration of the report on the results of the bond issue	11.11.2004
Number of bonds of the issue	3,500,000
Face value of each bond of the issue and total par value of the bond issue	1,000
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)
Amount of income to be paid under the bond issue per bond, RUR	61.67
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	215,845,000.00
Time fixed for payment of income under the bond issue	07.04.2005
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	07.04.2005 – 07.10.2005 (183 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.</p> <p>Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depositary and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of</p>

	<p>Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depository, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.</p> <p>Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.</p> <p>Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.</p> <p>If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:</p> <ul style="list-style-type: none">- full name/first name, middle initial, last name the owner of Bonds;- number of the Bonds owned;- full name of the person, authorized to receive the redemption sums under Bonds;- location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code;- essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds;- Tax-payer's Identification number (TIN) of the Bond Owner;- tax status of the Bond Owner. <p>If a Bond Owner is a juridical person – non-resident:</p> <ul style="list-style-type: none">- personal identification number (IIN) – if any. <p>If a Bond Owner is a natural person:</p> <ul style="list-style-type: none">- kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;- number of the certificate of the state retirement insurance of the Bond Owner (if any);- Tax-payer's Identification number (TIN) of the Bond Owner (if any);- date, month and year of birth of the Bond Owner. <p>Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and nominal Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and nominal Holders of Bonds.</p> <p>If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.</p> <p>If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.</p> <p>Not later than 4 (four) working days prior to the date of coupon income</p>
--	---

	<p>payment NDC provides the Issuer and the Payment agent with the List of owners and nominal Holders of the Bonds, made on the Date of making up the list of owners and nominal Holders of Bonds including the following data:</p> <p>a) A full name of the person, authorized to receive the coupon income sums under Bonds.</p> <p>b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal Holder of Bonds, authorized to receive the sums of coupon income under Bonds;</p> <p>c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>d) Essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:</p> <ul style="list-style-type: none"> - Number of the account; - The name of the bank in which the account is open; - The correspondent account of the bank in which the account is open; - Bank identification code (BIK) and Tax-payer's Identification number (TIN) of the bank in which the account is open; <p>e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>f) The tax status of the person authorized to receive the sums of coupon income under Bonds.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.</p> <p>On the basis of the list of Bond Owners and nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.</p> <p>Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.</p> <p>As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.</p> <p>If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.</p>
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	215,845, 000.00
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-
Other information on bond income specified at the Issuer's own discretion	No other information

8.10. Other information

Notes relating to bond issues of series K-1, K-2 and C-1 described in item 10.3.1:

According to the terms of bonds redemption, they should be repaid after submission of the application on payment face value and income under bonds by a Bond Holder.

The term of bonds redemption having been expired, notices were sent to the Bond Holders, who had not submitted such applications, informing them about the necessity to receive money resources under bonds owned by them. Not all Bond Holders of "UTK" PJSC submitted applications for repayment of bonds.

According to item 327 of the Civil Code of the Russian Federation and items 87-88 of the Basis of the legislation of the Russian Federation «On notary» obligations have been fulfilled by transferring

money resources on the deposit account of the notary according to the Agreements with the notary (Agreement № 148/2004 of 24.05.2004 and Agreement of 25.06.2004)

According to Article 87 of the Basis of the legislation of the Russian Federation «On notary » the notary informs a creditor about receipt of money and pays out due sums of money to him at his request.

ANNEX 1

PROVISIONS

on the procedure for using information on the activities of Public Joint – Stock Company "Southern Telecommunications Company" or on its securities and transactions with them unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of "Southern Telecommunications Company" PJSC

Approved
by the Board of Directors of "UTK" PJSC
Minutes № 40 of 29 June 2005

PROVISIONS
on the procedure for using information on the activities of Public Joint –Stock Company "Southern Telecommunications Company" or on its securities and transactions with them unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of "Southern Telecommunications Company" PJSC

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2. Insider information and insiders **Error! Bookmark not defined.**
3. Procedure for using insider information **Error! Bookmark not defined.**
4. Protection of insider information from the illegal use **Error! Bookmark not defined.**
5. Observance of the requirements of the present Provisions **Error! Bookmark not defined.**
6. Final provisions **Error! Bookmark not defined.**

1. General provisions

1.1. The Provisions on the procedure for using information on the activities of Public Joint – Stock Company "Southern Telecommunications Company" or on its securities and transactions with them, unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of Public Joint –Stock Company "Southern Telecommunications Company" (hereinafter referred to as “the Provisions”) is the internal document of Public Joint –Stock Company "Southern Telecommunications Company" (hereinafter referred to as “the Company”).

1.2. The present Provisions regulate the use of insider information and contain:

- Definitions of insider information and insiders;
- Procedure for using insider information;
- Measures on insider information protection from the illegal use.

1.3. The requirements on using information on the Company’s activities or on its securities and transactions with them, unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of Public Joint –Stock Company "Southern Telecommunications Company" (hereinafter referred to as “Insider information”) shall apply to all governing bodies and officers of the Company as between the Company and its shareholders and employees, as well as its partners and government bodies.

2. INSIDER INFORMATION AND INSIDERS

2.1. Insider information shall be understood as:

- 2.1.1. the Company’s information to be disclosed but has not been disclosed to the public in compliance with the laws of the Russian Federation on securities market and the bylaws of the Company, in case such disclosure prior to official disclosure may have a material effect on the market value of the Company’s securities;
- 2.1.2. other information on the activities of the Company and its affiliated and controlled companies, on the Company’s securities and transactions with them, unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of the Company’s securities.

2.2. Insiders mean individuals and legal entities enjoying access to insider information on the basis of a law, any other regulatory legal act, job description or other bylaw of the Company, or on the basis of a contract with the Company, including:

- members of the Company’s Board of Directors, Committees of the Board of Directors, the Auditing Commission, the Management Board and the General Director of the Company;
- persons fulfilling any professional duties for the Company as employees, officials or otherwise, among other things, on the basis of civil contracts, who by virtue of their employment duties have access to insider information (including auditors, specialized depositaries, professional participants of the securities market);
- directors of the Company’s subsidiaries and associates;
- other individuals or legal entities that have become owners of insider information either legally, or illegally.

3. Procedure for using insider information

3.1. Insiders may use insider information only in the interests of the Company and in accordance with these Provisions and other internal documents of the Company.

Partners of the Company may use insider information that has become known to them in accordance with applicable legislation, other regulatory acts or contracts with the Company.

3.2. Insiders may not:

- transfer insider information to other persons or disclose it to third parties, except in the circumstances provided by applicable legislation of the Russian Federation or specified by resolutions of the Company's Board of Directors and Management Board;
- make recommendations to third parties to buy, sell, or hold securities of the Company on the basis of insider information;
- use insider information in their own personal interests and/or in the interests of other persons.

3.3. Members of the Board of Directors and its Committees, members of the Management Board as well as the General Director and the officers of the Company having access to insider information shall be obliged to notify the Board of Directors on their intention or on the intention of their family members to effect a transaction with securities of the Company or of its affiliated and controlled companies at least 3 (three) business days prior to the date of such transaction, as well as on the effected transactions with such securities. Such obligation of the persons specified herein shall be included in their functions and fixed in their employment contracts concluded with the Company.

3.4. Employees of the Company, being in charge of communicating with shareholders, investors and public due to their official duties, shall ensure equal opportunities to all interested persons on simultaneous access to material information on the Company's operations being disclosed, and also shall take measures on a refutation of incorrect information if its dissemination inflicts losses to the Company and/or its shareholders.

3.5. In case of a breach of the effective law on information disclosure and the requirements of these Provisions which caused damages to the Company and/or its shareholders, the guilty persons specified in paragraph 2.2. hereof may be subject to criminal, administrative, civil, or disciplinary penalties.

4. Protection of insider information from illegal use

4.1. The Company shall be entitled to introduce special procedures on insider information protection from illegitimate use to ensure the observance of the procedure for the use of insider information by, among other things, non-admission of illegal access to and the use of insider information by the insiders, specified in paragraph 2.2. hereof; increase in the confidence level of the Company's investors and partners.

4.2. To ensure the observance of the procedure for the use of insider information by an insider, the Company shall:

- include in the Company's internal documents, employment and other contracts with employees and partners provisions on observance of the procedure for the use of insider information as well as on responsibility for any breach of the specified procedure by employees (breach of labor discipline) and partners (breach of contractual obligations) of the Company;
- familiarize the persons indicated in paragraph 2.2. hereof with the insider information

specified in paragraph 2.1. herein;

- familiarize the persons indicated in paragraph 2.2. hereof with the established procedure for the use of insider information as well as on responsibility for any breach of the specified procedure;
- create all necessary conditions so that insiders can observe the established procedure for the use of insider information;
- carry out other actions aimed at ensuring the observance of the procedure for the use of insider information.

4.3. With a view to protect insider information an insider shall be obliged:

- to follow the established procedure for the use of insider information;
- not to disseminate insider information, not to transfer it to third parties and not to use it in his/her own personal interests without the expressed consent of the Company, unless otherwise provided for by the laws, other regulatory acts or valid request of state and other authorities;
- not to disclose insider information after the termination of employment or any other contract with the Company;
- to recoup damages caused to the Company as a result of a breach by the specified person of the rules on the use of insider information;
- to transfer to the Company, at the termination or cancellation of his/her employment or any other contract with the Company, material objects containing insider information owned by him/her;
- to observe other requirements on protection of insider information stipulated by the law, other statutory acts, the Charter of the Company, the present Provisions and other internal documents of the Company, as well as by the contracts with the Company.

5. Observance of the requirements of these Provisions

5.1. Executive bodies of the Company shall ensure an effective procedure for preparation, coordination and control over the content and terms of the information to be disclosed, appropriate storage system of the Company's documents, functionality and integrity of information resources.

5.2. Control over the observance of the requirements set forth herein shall be organized by the General Director of the Company.

6. Final provisions

6.1. Amendments and additions to these Provisions shall be made by the resolution of the Company's Board of Directors.

6.2. Should the changes of the laws and regulatory legal acts of the Russian Federation result in contradiction with certain clauses of the present Provisions, such clauses shall become invalid. Till the moment of introduction of corresponding amendments to the present Provisions, the Company and other parties shall be guided by applicable legislation and regulatory legal acts of the Russian Federation.

Appendix 2

Financial statements of Public Joint –Stock Company "Southern Telecommunications Company" for the second quarter of 2005

BALANCE SHEET

As of **31 June 2005**

Company: **Public Joint –Stock Company "Southern Telecommunications Company"**

Taxpayer Identification Number 2308025192

Areas of activities: **Telecommunications**

Organizational & Legal form/Form of Ownership: **mixed**

Measurement unit: **RUR thousand**

Legal address: **66, Karasunskaya Str., Krasnodar, 350000, Russia,**

tel: (861) 253-80-22

Form No.1 under OKUD	Codes		
Date (year, month, day)	0710001		
	2005	07	29
under OKPO	01151037		
TIN	2308025192		
under OKVED	64.20; 64.20.11		
under OKOPF/OKFS	47/42		
under OKEI	384		
Date of approval	29.07.2005		
Date dispatched (received)	29.07.2005		

ASSETS	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
I. . NON-CURRENT ASSETS					
Intangible assets		110	110	947	758
Fixed assets		120	120	29,727,079	30,274,666
Capital investments		130	130	5,583,480	5,665,413
Profitable investment in stocks of materials and capital equipment		135	135		
Long-term financial investments		140	140	561,727	575,634
including:					
investments in subsidiaries			141	463,369	466,403
investments in affiliated companies			142	28,807	28,615
investments in other companies			143	3,372	3,337
Other long-term financial investments			144	66,179	77,279
Deferred tax assets		145	145	180,195	259,447
Other non-current assets		150	150	1,673,234	1,536,085
Total for section I		190	190	37,726,662	38,312,003
II.CURRENT ASSETS					
Inventories		210	210	1,226,059	1,191,778
including:					
raw materials, materials and other similar values		211	211	901,149	853,510
expenditures in work-in-process (turnover costs)		213	213	73	73
finished products and goods for resale		214	214	23,691	19,465
shipped goods		215	215		
deferred expenses		216	216	301,145	318,729
other inventories and expenses		217	217	1	1
Value added tax on acquired values		220	220	2,502,153	2,273,348
Accounts receivable (expected in over 12 months after the reporting date)		230	230	34,449	23,016
including:					
buyers and customers		231	231		
advances distributed			232	15,802	1,701
other debtors			233	18,647	21,315
Accounts receivable (expected within 12 months after the reporting date)		240	240	1,417,679	1,250,085
including:					
buyers and customers		241	241	1,054,668	797,828
advances distributed			242	149,490	180,971
other debtors			243	213,521	271,286
Short-term financial investments		250	250	59,973	44,963

ASSETS	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
Monetary funds		260	260	398,560	158,868
Other current assets		270	270	653	1,702
Total for section II		290	290	5,639,526	4,943,760
BALANCE (sum of lines 190+290)		300	300	43,366,188	43,255,763

LIABILITIES	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
III. CAPITAL AND RESERVES					
Authorized capital		410	410	1,297,779	1,297,779
Additional capital		420	420	5,639,535	5,622,007
Capital reserves		430	430	64,889	64,889
Own shares redeemed from the shareholders		411	440		
Retained earnings (uncovered losses) of previous years		470	460	5,230,699	5,192,899
Retained earnings (uncovered losses) of the year under report		470	470	X	106 735
Total for section III		490	490	12,232,902	12,284,309
IV. LONG-TERM LIABILITIES					
Loans and credits		510	510	11,343,885	8,289,224
<i>including:</i>					
credits			511	6,296,803	5,750,429
loans			512	5,047,082	2,538,795
Deferred tax liabilities		515	515	493,472	720,233
Other long-term liabilities		520	520	3,769,502	3,738,542
Total for section IV		590	590	15,606,859	12,747,999
V. SHORT-TERM LIABILITIES					
Loans and credits		610	610	8,074,234	11,789,477
<i>including:</i>					
credits			611	4,046,301	5,238,487
loans			612	4,027,933	6,550,990
Accounts payable,		620	620	6,749,261	5,740,339
<i>including:</i>					
suppliers and contractors		621	621	5,366,946	4,557,886
advances received		625	622	332,228	269,523
Wage arrears		622	623	154,426	169,899
Indebtness to state out-of-budget funds		623	624	73,355	59,192
Tax liabilities		624	625	318,118	207,401
Other creditors		625	626	504,188	476,438
Dividends payable to participants (founders)		630	630	82,840	85,532
Deferred income		640	640	334,928	344,431
Reserves for upcoming expenses		650	650	285,164	263,676
Other short-term liabilities		660	660		
Total for section V		690	690	15,526,427	18,223,455
BALANCE (sum of the lines 490+590+690)		700	700	43,366,188	43,255,763

AVAILABILITY STATEMENT OF VALUABLES RECORDED ON OFF-BALANCE ACCOUNTS

Index	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
Leased fixed assets		910	901	708,393	746,041
including those under leasing		911	911	77,378	77,378
Inventories accepted for custody		920	902	44,995	70,354
Goods accepted for commission		930	903	23,691	8,613
Bad debts charged to losses		940	904	160,951	164,944
Obligations and payments collaterals (security) received		950	905		
Obligations and payments collaterals (security) given		960	906	15,854,001	16,722,955
Depreciation of housing stock		970	907	10,717	10,247
Depreciation of objects equipped with external modern		980	908	1,493	1,615

Index	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
services and utilities and other similar objects					
Payments for telecom services			909	64,638	101,951

STATEMENT ON THE NET ASSETS VALUE

Index	Notes	Index code	Line code	As of the beginning of the period under report	As of the end of the period under report
1	1a	2	2a	3	4
Net assets			1000	12,567,830	12,628,740

CEO

 (signature)

G. A. Romsky

Chief Accountant

 (signature)

T. V. Rusinova

PROFIT AND LOSS STATEMENT

For the first half of 2005

Company: **Public Joint –Stock Company "Southern Telecommunications Company"**

Taxpayer Identification Number **2308025192**

Areas of activities: **Telecommunications**

Organizational & Legal form/Form of Ownership: **mixed**

Measurement unit: **RUR thousand**

Form No.2 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKVED

under OKOPF/OKFS

under OKEI

Codes		
0710002		
2005	07	29
01151037		
2308025192		
64.20; 64.20.11		
47/42		
384		

Index	Notes	Index code	Line code	For the period under report	For the same period of the previous year
1	1a	2	2a	3	4
I. Income from and expenses for normal activities					
(Net) returns from sale of goods, products, works, services (less the VAT, excise taxes and similar obligatory fees)		010	010	8,669,974	7,816,360
including that from the sales: of communication services			011	8,550,127	7,568,843
Prime cost of sold goods, products, works and services		020	020	(6,570,707)	(6,331,099)
Including that from communication services			021	(6,499,213)	(6,158,487)
Profit (loss) from sales (lines 010 -020)		050	050	2,099,267	1,485,261
II. Operating income and expenses					
Interest receivable		060	060	10,060	4,766
Interest payable		070	070	(1,214,287)	(816,014)
Income from participation in other organizations		080	080	63,642	9,619
Other operating income		090	090	94,271	40,636
Other operating expenses		100	100	(761,500)	(426,974)
III. Income and expenses from sources other than sales					
Income from sources other than sales		120	120	161,716	186,018
Expenses for purposes other than sales		130	130	(185,554)	(251,454)
Profit (loss) before taxes (lines 050+060-070+080+090-100+120-130)		140	140	267,615	231,858
Income tax charges (lines -151+152-153) including:			150	(148,370)	(115,468)
Deferred tax liabilities		142	151	(226,761)	(106,952)
Deferred tax assets		141	152	79,252	10,233
Current income tax charge		150	153	(861)	(18,749)
Profit (loss) from normal activities (lines 140-150)			160	119,245	116,390
IV. Extraordinary income and expenses					
Extraordinary income			170	1,770	147
Extraordinary expenses			180	(14,280)	(2,527)
Net profit (retained profit (loss) of the period under report) (lines 160 + 170 - 180)		190	190	106,735	114,010
For reference:					
Income tax conditional expense (profit)			201	(61,225)	(2,493)
Fixed tax liabilities		200	202	(256,724)	(139,126)
Fixed tax assets		200	203	169,579	26,151

Index	Notes	Index code	Line code	For the period under report	For the same period of the previous year
1	1a	2	2a	3	4
Base equity income (loss)			301	X	X
Watered equity income (loss)			302	X	X

* to be filled in the annual accounting report

Explanation of profit and loss items

Index	Index code	Line code	For the period under report		For the same period of the previous year	
			profit	loss	profit	loss
1	1a	2	3	4	5	6
Fines, penalties and forfeits, which have been acknowledged or for which (arbitration) court awards on recovery have been received		401	1,039	(16,515)	1,131	(18,998)
Profit (loss) of previous years		402	26,289	(50,536)	20,778	(50,910)
Compensation of losses inflicted by failure to fulfill or to fulfill duly the obligations		403	698	(415)	50,722	(283)
Foreign exchange differences		404	3,519	(751)	9,427	(4,381)
Allocations to evaluation reserves		405	12,929	(320,419)	13,281	(84,812)
Written-off accounts receivable and payable		406	637	(1,010)	545	(1,444)

CEO

(signature)

G. A. Romsky

Chief Accountant

(signature)

T. V. Rusinova

29 July 2005

Appendix 3

**Consolidated Financial Statements of Public Joint –Stock Company
"Southern Telecommunications Company" for the year ended
December 31, 2004 with independent auditor's report**