

Registered on " _____ " _____ 200
state registration number

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Federal Financial Markets Service

(name of registration authority)

(signature of authorized person)

(seal of registration authority)

DECISION ON BOND ISSUE

Public Joint-Stock Company

"Southern Telecommunications Company"

***series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with
mandatory centralized custody
total amount – 5,000,000 (five million) bonds with face value of 1,000 (one thousand)
rubles each***

***to be redeemed consistently by installments within the following deadlines: on the
364th day from the starting day of the bond placement - at 10% of its face value; on
the 546th day from the starting day of the bond placement - at 15% of its face value;
on the 728th day from the starting day of the bond placement - at 10% of its face
value; on the 910th day from the starting day of the bond placement - at 15% of its
face value; on the 1,274th day from the starting day of the bond placement - at 25% of
its face value; on the 1,456th day from the starting day of the bond placement - at the
remaining 25% of its face value***

Form of the bond placement - Public subscription

approved by the Board of Directors of the Public Joint –Stock Company "Southern Telecommunications
Company" on 18 October 2005, Minutes № 11

based on the Resolution of "UTK" PJSC Board of Directors on the Bond placement
on June 28, 2004 Minutes № 49 of 28.06.2004

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

Postal address: ***66, Karasunskaya Str., Krasnodar 350000***

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

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

General Director (CEO)

of the Public Joint –Stock Company

"Southern Telecommunications Company" _____ G. A. Romsky

18 October 2005

Seal

The bond issue is underwritten by a third party in accordance with conditions specified hereinafter

Underwriting agent:

Company with Limited Liability "UTK-Finance"

Director of Company with Limited Liability "UTK-Finance" _____ V.E. Skoblikov

18 October 2005

Seal

1. Kind, category (type), series of securities.

Kind of securities: *bonds*

Series: *04*

Other identification characteristics of the Bonds of the issue: *interest-bearing non-convertible*

Full name of the bond issue: *series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody (hereinafter referred to as the Bonds)*

2. Form of the bonds.

certificated (pay-to-bearer, with mandatory centralized custody)

3. Information on mandatory centralized custody.

The bond issue is subject to mandatory centralized custody.

Depository:

Full registered name: *Non-profit partnership "National Depository Center"*

Abbreviated name: *NDC*

Headquarters: *building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009*

No. of the license of a professional participant of the securities market for depository operations: *177-03431-000100*

Date of license registration: *4.12.2000*

Valid till: *unlimited*

Registration authority: *FCSM of Russia*

The issue of all the Bonds is documented in one certificate subject to mandatory centralized custody at the Nonprofit Partnership National Depository Center (hereinafter referred to as "the Depository" or "NDC").

Model Certificate is given in the Appendix to the Decision on the Bond Issue and the Offering Circular.

No handing out of individual certificates of Bonds to Bonds Owners is provided for. The Bond Owners are not entitled to demand the Certificate be handed to them.

Record and verification of rights to the Bonds, and record and verification of transfer of the Bonds, including where the Bonds are encumbered with liabilities, are provided by the Depository, and by depositories that are depositors in respect of the Depository (hereinafter jointly referred to as "the Depositories").

The title to Bonds shall be proven by statements of custody accounts, issued by the Depository and Depositories to Bonds Owners.

The title to Bonds shall pass to the new Bonds Owner at the moment of making the respective entry of receipt in respect of the custody account of the Bonds acquirer with the Depository and Depositories.

The Bonds shall be written off from custody accounts during retirement after the Issuer fulfils all obligations to the Bonds Owners in respect of paying the yield and face value of Bonds.

The certificate of Bonds shall be retired after all Bonds have been written off from custody accounts.

The procedure of accounting and transfer of rights to certified issued securities with obligatory centralized custody is regulated by the Federal Law No. 39-FZ of 22 April 1996 "On the Securities Market" and by other regulatory legal acts of the Russian Federation and bylaws of the Depositories.

According to Federal Law on the Securities Market:

In case of custody of certificates of pay-to-bearer documentary securities and-or registration of the rights on such securities in the Depository, the title (rights) to pay-to-bearer documentary security shall pass to the purchaser at the moment of making entering record in the account of depot of the purchaser. The rights granted by securities pass to their purchaser from the moment of transition of the rights on these securities.

In case of custody of certificates of pay-to-bearer documentary securities in Depositories, the title (rights) granted by securities, shall be exercised on the basis of certificates presented by these Depositories on behalf

of the owners, the list of such owners being enclosed. In such case the Issuer ensures exercise of the rights on pay-to-bearer documentary securities to the person specified in this list.

Should the data on the new owner of such security not been presented to the holder of the register of the given issue or the nominal holder of the security by the moment of closing the register for execution of the Issuer's obligations (including acquisition of income and others), execution of obligations in relation to the owner registered in the register at the moment of its closing shall be declared appropriate. The purchaser of the security bears the responsibility for the timely notification.

According to Regulations on depository activity in the Russian Federation, approved by the Decision of the Federal Commission for Securities Market № 36 of October, 16, 1997:

Depository is obliged to provide custody of securities and (or) registration of rights on securities of each client (depositor) separately from securities of other clients (depositors) of the Depository, in particular, by opening of the separate account of depot for each client (depositor).

Records made by the Depository in relation to the rights on securities shall certify the rights on securities if not established otherwise judicially.

Depository is obliged to make transactions with securities of clients (depositors) only on behalf of these clients (depositors) or the persons authorized by them, including trustees of accounts, and in time, established by the Deposit Agreement. Depository is obliged to make records under the account of depot of the client (depositor) only at presence of the documents giving grounds for making such records in accordance with the Regulations on depository activity, other normative legal acts and the Deposit Agreement.

The grounds for making records under the account of depot of the client (depositor) are the following:

- order of the client (depositor) or the person authorized by him, including the trustee of the account, meeting the requirements stipulated in the Deposit Agreement;*
- if lapse of the right on securities is not a result of civil-law transactions - documents confirming transfer of the rights on securities according to the effective legislation.*

Depository is obliged to register the facts of burden of the securities with a pledge as well as other rights of the third parties in the order stipulated by the Deposit Agreement.

Rights on securities which are registered by the Depository are deemed transferred from the moment of making the corresponding record in the account of depot of the client (depositor) by the Depository. However, if there is no such record in the account of depot, the interested person shall be entitled to prove his rights on the securities on the basis of other proofs.

In case of change of the current legislation and-or regulatory documents of the Federal Commission on Securities Market the procedure for record and transfer of the rights on the Bonds will be regulated taking into consideration new requirements of the applied legislation and-or regulatory documents of the Federal Commission on Securities Market.

4. Face value of each Bond of the issue.

1,000 (one thousand) rubles

5. Number of the bonds of the issue

5, 000, 000 (five million) bonds

The bond issue is not supposed to be placed by tranches.

6. Total number of the bonds of the issue that have already been placed

The bonds of the issue have not been placed previously.

7. Rights granted by each security of the issue to their owners:

7.1. For common shares, the exact provisions of the Charter of the Joint –Stock Company on the rights provided to the shareholders by common shares shall be stated: *Not given for this type of securities.*

7.2. For preferred shares, the exact provisions of the Charter of the Joint –Stock Company on the rights provided to the shareholders by preferred shares shall be stated: *Not given for this type of securities.*

7.3. For bonds, the rights of Bond Owners shall be stated:

A Bond holder is entitled to get the corresponding parts of the face value according to the procedure and within the time determined in Clause 9.2. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular.

A Bond holder is entitled to get the coupon yield, the procedure of its determining and payment being described in Clause 9.3. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular.

In case of Issuer's failure to fulfill or to duly fulfill the obligations of payment of the face value and yield payment under the Bonds of the issue, the Bond Owner shall be entitled to apply to the party providing security for the Bonds issue (the Underwriter) with the appropriate demand.

The Limited Liability Company "UTK-Finance" is the party providing security for the Bonds issue.

The Bond with the security in the form of a surety of UTK-Finance LLC provides to its owner all the rights ensuing from such security according to the security conditions determined in Clause 12.2. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular. With the passage of the title to the secured Bond, the new Owner (acquirer) also receives the rights ensuing from such security. Any transfer of rights accrued from the surety provided is invalid without transfer of the rights to the Bond.

Possible actions of a Bond owner in the case of the default and / or technical default under the Bonds are shown in Clause 9.7 of the Decision on the securities issue and clause 9.1.2 of the securities Offering Circular.

A Bond owner is entitled to get the outstanding part of 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. The outstanding part of the Bond's face value means above and hereinafter the difference between the face value of a Bond of the issue and the part of the face value of the Bond, that has been paid off to the Holders in compliance with the Decision on the securities issue and the securities Offering Circular.

A Bond holder is entitled to freely sell or otherwise alienate the Bond. Bond owners who bought Bonds during the placement shall not be entitled to make transactions with Bonds prior to registration of the report on the results of the securities issue in compliance with the legislation of the Russian Federation.

The Bond owners are entitled to exercise other rights provided for by the laws of the Russian Federation.

7.4. The following shall be stated for Issuer's options: *Not given for this type of securities.*

7.5. The following shall be stated, if securities to be placed are convertible: *The securities to be placed are not convertible.*

8. Conditions and Procedure of the bond placement.

8.1. Form of the bond placement.

Public offering

8.2. Terms of the bond placement.

Starting date of the placement, or the procedure of its determination:

The placement of Bonds shall not start earlier than 2 (Two) weeks after the information on the state registration of the Bond issue and on the procedure of access to the information contained in the Securities Offering Circular is disclosed by the Issuer in compliance with the standard legal acts of RF.

The report on the State registration of the securities issue will be published by the Issuer in the form of the notice on material fact "Data on the securities issue by the Issuer" in the following procedure and within the following periods from the date of the State registration of the Bond issue.

- *on the news tape of the information agencies authorized for public presentation of information disclosed in the securities market ("AK&M" and "Interfax") (hereinafter referred to as the news tape) - at least 1 (one) day;*

- *on the web page at the address: www.stcompany.ru (hereinafter referred to as the web page) - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya Gazeta” – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii) no later than 30 (Thirty) days from the specified date.

The starting date of the Bond placement shall be determined by the Issuer after the state registration of the Bond issue and shall be publicly disclosed by the Issuer.

The Issuer shall publish information on the starting Date of the Bond placement as follows:

- *on the news tape at least 5 (Five) days prior to the starting Date of the Bond placement*
- *on the web page - at least 4 (Four) days prior to the starting Date of the Bond placement.*

Expiry date of the bond placement is one of the following dates that comes first: a) date of the placement of the last Bond of the issue; or b) 7-th (Seventh) business day after the starting day of the bond placement. In such a case expiry Date of the bond placement cannot be later than a year from the date of the state registration of the Bond issue.

8.3. Procedure of the bond placement

Procedure and terms of making civil agreements (procedure and terms of filing and satisfying applications) in the course of the bond placement:

The Bond placement is effected through conclusion of transactions of purchase and sale at the bond placement price specified in item 8.4 of the Decision on the securities issue and items 2.4 and 9.2 of the securities Offering Circular.

The Bond placement is effected by subscription through bidding by a specialized organization - organizer of trade in the securities market, including stock exchange:

Full official name: *Closed Joint-Stock Company “Moscow Interbank Currency Exchange (MICEX Stock Exchange)”*

Abbreviated official name: *“MICEX SE” CJSC*

Place of business: *13, Bolshoy Kislovsky pereulok, Moscow, 125009*

No. of license for stock exchange operations: *077-07985-000001*

Date of issue: *15.09.2004*

Validity period: *till 15.09.07*

Licensing authority: *Federal Service for Financial Markets of Russia*

The Bond placement is performed by the conclusion of transactions of sale and purchase of Bonds in the MICEX Stock market Section through Trading and clearing Systems of MICEX in compliance with the Securities Trading Rules of MICEX (hereinafter referred to as Exchange Rules), effective as at the bond placement date.

The Bond placement is performed via a placement agent ((hereinafter referred to as the Underwriter) acting on its own behalf by assignment and at the expense of the Issuer. Closed Joint –Stock Company “Investment Company AVK” (CJSC “IK AVK”) acts as the Underwriter.

Starting from the first day of the Bond placement, the Issuer offers the full amount of the Bond issue as specified in Clause 5 of the Securities Issue Decision, Clause 2.3 of the Securities Offering Circular.

The Bonds are placed through making transactions of sale and purchase at the face value of the Bonds (starting from the second day of the placement of the Bonds of the issue, the buyer shall, in the course of the Bonds sale and purchase transaction, additionally pay the accrued coupon yield under the Bonds, to be determined according to the Decision on securities issue and Offering Circular).

Transactions related to the Bond placement are made starting after the bidding results have been summed up (as regards the 1st coupon interest rate) (hereinafter referred to as Bidding), and end on the expiry date of the bond placement.

Any potential buyer of the Bonds being a Participant to the Exchange’s bidding shall act independently.

Where a potential buyer of the Bonds is not a Participant to the Exchange’s bidding, such buyer shall enter into an appropriate agreement with any broker that is a Participant to the Exchange’s bidding, and issue an order to buy the Bonds to such broker.

The potential buyer of Bonds must open a respective custody account with NDC or with any other depositary being a depositor of NDC. The procedure and timing of opening custody accounts are established by the bylaws of respective depositaries.

1. On the starting day of the Bond placement, an auction to determine the interest rate of the first coupon shall be held at the Exchange among the potential buyers of the Bonds. On the date of the Auction the Participants of the Stock Market Section of MICEX (hereinafter referred to as the Participants) shall submit target orders for the Bond acquisition under Accounting Code T0 using the trading system of MICEX in compliance with the Securities Trading Rules of MICEX.

Orders for acquisition of Bonds are to be sent by Participants to the Underwriter.

Each order must contain the following material conditions:

1) Purchase price: 100% of the face value;

2) Number of Bonds, that the potential buyer would like to acquire, if the Issuer assigns the interest rate of the first coupon as greater or equal to the specified acceptable interest rate.

3) Interest rate of the first coupon acceptable for the investor.

The term "Acceptable interest rate" means the interest rate of the first coupon, which, if announced by the Issuer, would make the potential investor ready to buy the number of Bonds indicated in the order at the price of 100% of the face value. The acceptable interest rate must be expressed in percent per annum accurate to not more than a hundredth of percent.

4) Other parameters in compliance with Exchange Rules.

By the beginning of the Auction the Participants shall have to reserve on their trade accounts at the Non-bank credit organization Closed Joint-Stock Company Clearing Agency of the Moscow Interbank Currency Exchange (hereinafter referred to as MICEX Clearing Agency) amounts of money sufficient for full payment for the Bonds specified in the orders for purchase, all commission fees included.

During the period for collecting applications for the auction, the Trading Participants can submit and cancel the submitted orders for the Bond acquisition at the auction. Upon expiry of the period for collecting orders for the auction, the Trading Participants can not cancel the orders filed by them.

Upon expiry of the period for collecting orders for the auction, the Exchange makes up the summary register of entered orders filed to each of the Underwriter and not cancelled (according to the Exchange Rules) by the Trading Participants as of the date of the expiry of the period for collecting orders for the auction and hands it over to the Underwriter, which, in its turn, informs the Issuer on the submitted orders.

The Summary register of the submitted orders shall include all material conditions specified in each order, namely: acquisition price, total number of securities, the date and time of order's receipt, the number of order, the value of Acceptable interest rate of the first coupon and other essential details under the Exchange Rules.

Proceeding from the total volume of the filed orders and the interest rates for the 1st coupon stated in those, the Issuer shall take a decision on the interest rate of the first coupon. The Issuer shall advise the Exchange in writing of the decision taken not later than 30 minutes prior to sending the information for publishing on the news tape. After the notice on the interest rate of the first coupon is published on the news tape the Issuer shall inform the Underwriter on the interest rate of the first coupon. The Underwriter shall notify the Participants of Trading on the interest rate of the first coupon established by the Issuer using the Exchange's trading system by sending electronic messages to all the Participants of Trading.

Information on the interest rate of the first coupon shall be disclosed according to the procedure and within the time provided for by Clause 11 on the Decision on securities issue.

When the interest rate of the first coupon is named, the Underwriter shall, by the Issuer's order, satisfy the orders received by setting out sale offers for the Bonds at their face value according to the Exchange Rules.

Orders of Trading Participants for purchase of the Bonds at their face value shall be satisfied by the Underwriter on the terms of priority of the coupon interest rate specified in such orders. Where several purchase orders have been registered at the same first coupon interest rate, the orders filed earlier shall be satisfied in the first place. Where the size of the last of the orders to be satisfied exceeds the number of the Bonds remaining in the Underwriter's offer, such purchase order shall be satisfied in the amount of the balance of the Bonds in the Underwriter's offer. In this case, the purchase order of the Trading Participant shall be satisfied provided that the coupon rate specified therein does not exceed the first coupon rate established by the Issuer.

Unsatisfied during the Auction orders for bond purchase of the Trading Participants are to be cancelled.

2. The interest rate under the first coupon having been fixed and the orders submitted during the Auction having been satisfied, the Trading Participants acting on its own behalf and at own expense, or on its own behalf, but for the account and on behalf of clients may submit to the Underwriter target orders for purchase of Bonds under Accounting Code T0 using the trading system of MICEX in compliance with the Securities Trading Rules of MICEX, at any working day during the period of placement.

Orders for acquisition of Bonds are to be sent by Participants to the Underwriter.

Each order must contain the following material conditions:

- 1) Purchase price of one bond;*
- 2) Number of Bonds, that the potential buyer would like to acquire;*
- 3) Interest rate of the first coupon.*
- 4) Other parameters in compliance with the Exchange Rules.*

Obligatory condition of Bonds acquisition at their placement is reservation of money resources of a buyer on the trade accounts of the Participants on behalf of which the order has been sent at the MICEX Clearing Agency. The amount of the reserved money should be sufficient for full payment for the Bonds specified in the orders for purchase, all commission fees included.

Starting from the second day of the placement of the Bonds of the issue, the buyer shall, in the course of the Bonds sale and purchase transaction, additionally pay the accrued coupon yield (ACY) under the Bonds, to be determined according to the following formula:

$$ACY = C_j * Nom * (T - T(j-1)) / 365 / 100 \%,$$

where: Nom is the face value of a Bond;

C_j is the amount of the interest rate of the j-th coupon, in percent per annum;

T(j-1) is the date of the beginning of the j-th coupon period;

T- current date

ACY per Bond is calculated accurate to one kopeck. In the calculations, figures are rounded according to the mathematical rounding rules. In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.

Time and procedure for orders' submission shall be established by the Exchange as agreed with the Issuer and Underwriter.

The submitted orders for Bonds purchase are satisfied by the Underwriter in accordance with the Exchange Rules. The submitted orders for Bonds purchase are satisfied in full if the number of Bonds indicated in the order does not exceed the number of unplaced Bonds of the issue. If the number of Bonds indicated in the order exceeds the number of unplaced Bonds, such order shall be satisfied at the amount of the Bonds that have not been placed. The Underwriter satisfies the orders for the bonds' acquisition on a first-come basis. If the total volume of par value of the bond issue is placed, further orders for bond purchase shall not be accepted.

The sold Bonds shall be transferred to the custody accounts of the Bond buyers to the NDC or to the custody accounts of the Depositories – depositors of NDC, servicing the Bonds buyers, on the date of the sale and purchase operation.

The transactions of sale and purchase effected by satisfaction of the orders by the Underwriter shall be registered by the Exchange on the date of their conclusion.

Date of the transaction performance shall be the day on which, according to the established trade code, Participants of Trading are obliged to execute obligations under the effected pursuant to the Exchange Rules and-or Clearing Rules of the clearing organization – CJSC "MICEX". Transactions at placement of the Bonds of the given issue shall be effected on the conditions «delivery versus payment» (trade code T0), that is the date of the transaction performance shall be the date of its conclusion. In addition, conclusion of the transaction provides for the control procedure over its execution. The document confirming the conclusion of

the transaction by the Participant of Trading shall be an extract from the register of transactions of the Exchange in which all transactions concluded by the Participant during a trading day of the Exchange are reflected.

The transactions concluded during the bond placement can be changed and/or cancelled for the reasons and in the order stipulated by Article 29 of the Civil Code of the Russian Federation.

The decision on approving a related-party transaction of sale and purchase of Bonds to be made during the Bonds placement shall be taken before the transaction is made according to the procedure established by federal laws.

Prior to the placement, the Issuer shall submit to the Underwriter the list of parties, any transactions with which during the Bond placement may be declared related-party transactions under the federal law. The Issuer shall also name the parties out of the said list, the transactions with which have been approved by the Issuer in advance. During the bond placement the requirements stipulated by item 6.4.4"Standards of securities issue and Offering Circulars registration» approved by Order of the RF FFMS №05-4/pz on 16 March 2005 shall be observed.

No option of priority purchase of the securities to be placed has been provided for.

The procedure of entering a receipt record for the first buyer's custody account with the depository providing the required centralized care of the issue's securities is as follows:

The potential buyer of Bonds must open a respective custody account with NDC or with any other depository being a depositor of NDC. The procedure and timing of opening custody accounts are established by the bylaws of respective depositories.

The sold Bonds are to be transferred by NDC or other depositories to the accounts of the buyers on the day of concluding the transaction for purchase and sale.

The entry record under the account of depot of the first buyer in the Depository is made on the grounds of the orders given by the clearing organization servicing the transactions executed by the MICEX during the bond placement. The placed Bonds are transferred to the accounts of depot of the buyers by the Depository in accordance with the conditions of realizing clearing activity by the clearing organization and the conditions of realizing depository activity by the Depository.

The bond issue is being placed by the Issuer with the aid of a professional participant of securities market, providing to Issuer services for securities placement (Underwriter).

Full official name: *Closed Joint-Stock Company AVK Investment Company*

Abbreviated official name: *CJSC AVK IC*

Place of business: *1, pavilion Uritskogo, Pushkin, Saint-Petersburg, 196605, Russia*

No. of license for brokerage: *178-03255-100000*

Date of license issue: *29.11.2002*

Period: *without limitation of the period*

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

The Underwriter acts under the contract with the Issuer.

Basic functions of the Securities placement agent (Underwriter):

- *development of the parameters of the issue;*
- *development of the IPO scheme;*
- *preparation of the system of contracts for admission of Bonds to placement;*
- *consultations during the conclusion of contracts with the infrastructural organizations of the securities market*
- *Preparation of documents required for the state registration of the bonds issue, including:*
 - *preparation of the text of the decision on the issuer's bonds issue for the state registration in the authorized registering body.*
 - *preparation of the text of the securities (bonds) offering circular for the state registration in the authorized registering body.*
 - *preparation of the text of the report on the results of the bonds issue for the state registration in the authorized registering body.*

- Consulting in matters related to taking by the issuer's authorized bodies all the decisions required for organization of the bonds issue in compliance with the legislation of the Russian Federation, disclosing information by the Company in connection with organization of the bonds issue, with preparing the decision on the securities (bonds) issue and the Offering Circular and the report on the results of the bonds issue.
- Giving advice to the issuer on the matters related to making up a package of documents for the registration of the decision on the bonds issue, of the securities (bonds) Offering Circular and of the report on the results of the bonds issue.
- Provision to the issuer of other services to be provided by the securities market participants rendering financial consulting services in the securities market as of the date of making this Contract, according to the Resolution of the Federal Financial Markets Service of Russia dated March 16, 2005 No. 05-4/PZ-N. Among the others, the financial consultant provides the following services:
 - Signing the issuer's securities Offering Circular;
 - Verification of disclosure by the Issuer of information on the decision of bonds floatation, and on the approval of the decision to issue the bonds, for compliance with the federal law requirements and the regulatory documents of the authorized registrar;
 - signing the report on the results of the bonds issue.

Acquisition by the Underwriter of the Bonds of the issue is not provided for in the contract with CJSC AVK IC.

8.4. Price of the placement.

During the first and the following days of the bond placement the bonds are to be placed at the price of 100 (one hundred) percent of their face value, that is one thousand rubles per one Bond.

Starting from the second day of the placement of the Bonds of the issue, the buyer shall, in the course of the Bonds sale and purchase transaction, additionally pay the accrued coupon yield (ACY) under the Bonds, to be determined according to the following formula:

$$ACY = C_j * Nom * (T - T(j-1)) / 365 / 100 \%$$

where: Nom is the face value of a Bond;

C j is the amount of the interest rate of the j-th coupon, in percent per annum;

T(j-1) is the date of the beginning of the j-th coupon period;

T- current date

ACY per Bond is calculated accurate to one kopeck. In the calculations, figures are rounded according to the mathematical rounding rules. In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.

8.5. The right of priority during the bond placement.

The right of priority is not provided.

8.6. Conditions and procedure of payment for the securities

Conditions and procedure of payment for the securities:

The Bonds shall be paid for in the monetary form in the currency of the Russian Federation by wire transfer. No possibility of payment by installments for the Bonds of the issue is provided for.

The Bonds are placed under condition they are fully paid for.

Details of the accounts, to which money must be transferred as payment for the securities of the issue:

Holder of account: *Closed Joint-Stock Company AVK Investment Company*

Account number: *30403810504203000225*

Credit organization:

Full name: *Nonbank credit organization Closed joint-stock company "Clearing house of the Moscow Interbank Currency Exchange "*

Abbreviated name: *CJSC "RP MICEX"*

Location: *building 8, 1/13, Bolshoy Kislovskiy per., Moscow, 125009*

Postal address: *building 8, 1/13, Bolshoy Kislovskiy per., Moscow, 125009*

BIC: *044583505*

Correspondence account: *3010581010000000505 in OPERU of the Moscow branch of the Bank of Russia*

Other conditions of payment:

Obligatory condition of Bonds acquisition at their placement is reservation of money resources of a buyer on the trade accounts of the Participants on behalf of which the order has been sent at the MICEX Clearing Agency. The amount of the reserved money should be sufficient for full payment for the Bonds specified in the orders for purchase, all commission fees included.

8.7. Share, which, if not placed, makes the issue (extra issue) of securities invalid, and procedure of repaying the funds transferred as payment for the securities of the issue (extra issue), if it is considered invalid.

The percentage, which, if it is not placed, makes the issue of securities (Bonds) invalid, has not been determined.

9. Terms and procedure of Bonds redemption and/or payment of the coupon income on Bonds.

9.1. Form of the bond redemption.

Repayment of Bonds shall be carried out in money terms in currency of the Russian Federation by cashless settlement. Bond Owners are not provided the opportunity to choose the form of the bond redemption.

9.2. Procedure and Terms of Bonds Retirement including Retirement period

Bonds retirement timing or procedure of determining it:

The face value of Bonds shall be retired in parts on the following dates (hereinafter referred to as the “Dates of retiring a respective part of the Bonds face value of Bonds”):

- 1. on the 364th (three hundred and sixty-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the first part of the bond face value coincide;*
- 2. on the 546th (five hundred and forty-sixth) day from the starting date of the Bond placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the second part of the bond face value coincide;*
- 3. on the 728th (seven hundred and twenty-eighth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the third part of the bond face value coincide;*
- 4. on the 910th (nine hundred and tenth) day from the starting date of the Bond placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the fourth part of the bond face value coincide;*
- 5. on the 1,274th (one thousand two hundred and seventy-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the fifth part of the bond face value coincide;*
- 6. on the 1,456th (one thousand four hundred and fifty-sixth) day from the starting date of the Bond placement each bond is to be redeemed at the remaining 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the last part of the bond face value coincide.*

The dates (procedure for setting the dates) as of which the lists of Bonds Holders are made up for the purpose of their retirement:

Retirement of the appropriate part of the Bonds face value is effected in favor of Bond Owners who are such Owners as of the end of Depositary’s operation day preceding the fourth day before the day of the retirement of the appropriate part of the Bonds’ face value (hereinafter referred to as the Date of Making up the List of Bond Holders for Retirement of a Part of the Bonds’ Face Value).

If the owner’s title to the Bonds are taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is authorized to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the nominal holder of the Bonds.

If the owner’s title to the Bonds are not taken into account by the nominal holder of the Bonds or the nominal holder of the Bonds is not authorized by the owner to receive the money from retirement of Bonds,

the person authorized to receive the money from retirement of Bonds shall mean the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- *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 individuals) and postal address of the Bond Owner including postal code;*
- *details 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 legal entity – non-resident:

- *personal identification number (IIN) – if any.*

If a Bond Owner is an individual:

- *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.*

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

- a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;*
- b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;*
- c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;*
- d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:*
 - *No. of the bank account;*
 - *name of the bank, with which the account is opened;*
 - *correspondent account of the bank, with which the account is opened;*
 - *location and mailing address of the bank;*
 - *bank identification code of the bank, with which the account is opened;*
- e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;*
- f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)*

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to 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 Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Other terms and the procedure of Bonds retirement:

Bonds are retired in the monetary form in the currency of the Russian Federation using non-cash instruments by wire transfer to the Bond Owners. Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer.

Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.

On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of 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.

Should the Date of Bonds Face Value Partial Retirement 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 day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.

Execution of the obligations under the Bonds in respect of a party included in the List of Bond Holders for Bonds face value partial retirement shall be considered as due and proper also in case of alienation of Bonds after the date on which the above List was made up.

9.3. Procedure of calculating income paid under each bond.

The aggregate amount of coupon yields charged for each coupon period is considered as the Bond yield. The Bonds have 16 coupon periods.

The coupon yield is charged upon the outstanding part of the face value:

from the first to the fourth coupon period the outstanding part of the face value amounts to 100% of the face value;

from the fifth to the sixth coupon period the outstanding part of the face value amounts to 90 % of the face value;

from the seventh to the eighth coupon period the outstanding part of the face value amounts to 75 % of the face value;

- from the ninth to the tenth coupon period the outstanding part of the face value amounts to 65 % of the face value;

- from the eleventh to the fourteenth coupon period the outstanding part of the face value amounts to 50 % of the face value;

- from the fifteenth to the sixteenth coupon period the outstanding part of the face value amounts to 25 % of the face value.

The interest rate for the fifth, sixth, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth coupons is established at 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Coupon period		Coupon income
Starting date	Expiry date	

1. Coupon: The interest rate of the first coupon is determined by holding an auction among potential buyers of Bonds on the first day of the Bond placement. Procedure and terms of holding the Auction are described in clause 8.3. of the Decision on the bond issue and clause 2.7 of the Offering Circular.

Starting date of the first coupon is the starting date of the bond placement	Expiry date of the first coupon period is the coupon payment date being the 91 st day from the first day of the bond placement.	The amount of payment under the first coupon per Bond is calculated as follows: $K1 = C1 * 1000 * (T1 - T0) / 365 / 100 \%$, where K1 - the amount of coupon payment for the 1 st coupon per Bond , rubles; C1 is the interest rate of the first coupon, in per cent per annum; T0 is the starting date of the 1 st coupon period; T1 is the expiry date of the 1 st coupon period. Procedure of disclosing information on the interest rate under the 1 st coupon is described in clause 11 of the Decision on the bond issue.
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2. Coupon: The interest rate for the second coupon is established as equal to the interest rate for the first coupon.

Starting date of the second coupon is the 91 st day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 182 nd day from the first day of the bond placement.	The amount of payment under the second coupon per Bond is calculated as follows: $K2 = C2 * 1000 * (T2 - T1) / 365 / 100 \%$, where K2 - the amount of coupon payment for the 2 nd coupon per Bond , rubles; C2 is the interest rate of the second coupon, in per cent per annum; T1 is the starting date of the 2 nd coupon period; T2 is the expiry date of the 2 nd coupon period.
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3. Coupon: The interest rate for the third coupon is established as equal to the interest rate for the first coupon.

Starting date of the third coupon is the 182 nd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 273 rd day from the first day of the bond placement.	The amount of payment under the third coupon per Bond is calculated as follows: $K3 = C3 * 1000 * (T3 - T2) / 365 / 100 \%$, where K3 - the amount of coupon payment for the third coupon per Bond , rubles; C3 - is the interest rate of the third coupon, in per cent per annum; T2 - is the starting date of the third coupon period; T3 - is the expiry date of the third coupon period.
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4. Coupon: The interest rate for the fourth coupon is established as equal to the interest rate for the first coupon..

Starting date of the fourth coupon is the 273 rd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 364 th day from the first day of the bond placement.	The amount of payment under the fourth coupon per Bond is calculated as follows: $K4 = C4 * 1000 * (T4 - T3) / 365 / 100 \%$, where, K4 - the amount of coupon payment for the fourth coupon per Bond , rubles; C4 - is the interest rate of the fourth coupon, in per cent per annum; T3 - is the starting date of the fourth coupon period; T4 - is the expiry date of the fourth coupon.
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5. Coupon: The interest rate for the fifth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fifth coupon is the 364 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 455 th day from the first day of the bond placement.	The amount of payment under the fifth coupon per Bond is calculated as follows: $K5 = C5 * 0,9 * 1000 * (T5 - T4) / 365 / 100 \%$, where, K5 - the amount of coupon payment for the fifth coupon per Bond , rubles; C5 - is the interest rate of the fifth coupon, in per cent per annum; T4 - is the starting date of the fifth coupon period; T5 - is the expiry date of the fifth coupon period.
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6. Coupon: The interest rate for the sixth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixth coupon is the 455 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 546 th day from the first day of the bond placement.	The amount of payment under the sixth coupon per Bond is calculated as follows: $K6 = C6 * 0,9 * 1000 * (T6 - T5) / 365 / 100 \%$, where, K6 - the amount of coupon payment for the sixth coupon per Bond , rubles: C6 - is the interest rate of the sixth coupon, in per cent per annum; T5 - is the starting date of the sixth coupon period; T6 - is the expiry date of the sixth coupon period.
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7. Coupon: The interest rate for the seventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the seventh coupon is the 546 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 637 th day from the first day of the bond placement.	The amount of payment under the seventh coupon per Bond is calculated as follows: $K7 = C7 * 0,75 * 1000 * (T7 - T6) / 365 / 100 \%$, where, K7 - the amount of coupon payment for the seventh coupon per Bond , rubles: C7 - is the interest rate of the seventh coupon, in per cent per annum; T6 - is the starting date of the seventh coupon; T7 - is the expiry date of the seventh coupon period.
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8. Coupon: The interest rate for the eighth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the eighth coupon is the 637 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 728 th day from the first day of the bond placement.	The amount of payment under the eighth coupon per Bond is calculated as follows: $K8 = C8 * 0,75 * 1000 * (T8 - T7) / 365 / 100 \%$, where, K8 - the amount of coupon payment for the eighth coupon per Bond , rubles: C8 - is the interest rate of the eighth coupon, in per cent per annum; T7 - is the starting date of the eighth coupon period; T8 - is the expiry date of the eighth coupon period.
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9. Coupon: The interest rate for the ninth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the ninth coupon is the 728 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 819 th day from the first day of the bond placement.	The amount of payment under the ninth coupon per Bond is calculated as follows: $K9 = C9 * 0,65 * 1000 * (T9 - T8) / 365 / 100 \%$, where, K9 - the amount of coupon payment for the ninth coupon per Bond , rubles: C9 - is the interest rate of the ninth coupon, in per cent per annum; T8 - is the starting date of the ninth coupon period; T9 - is the expiry date of the ninth coupon period.
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10. Coupon: The interest rate for the tenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value..

Starting date of the tenth coupon is the 819 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 910 th day from the first day of the bond placement.	The amount of payment under the tenth coupon per Bond is calculated as follows: $K10 = C10 * 0,65 * 1000 * (T10 - T9) / 365 / 100 \%$, where, K10 - the amount of coupon payment for the tenth coupon per Bond , rubles: C10 - is the interest rate of the tenth coupon, in per cent per annum T9 - is the starting date of the tenth coupon period; T10 - is the expiry date of the tenth coupon period.
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11. Coupon: The interest rate for the eleventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds'

face value.

<p>Starting date of the eleventh coupon is the 91st day from the first day of the bond placement.</p>	<p>Expiry date of the coupon period is the coupon payment date being the 1,001st day from the first day of the bond placement.</p>	<p>The amount of payment under the eleventh coupon per Bond is calculated as follows: $K_{11} = C_{11} * 0,5 * 1000 * (T_{11} - T_{10}) / 365 / 100 \%$, where, K₁₁ - the amount of coupon payment for the eleventh coupon per Bond , rubles: C₁₁ - is the interest rate of the eleventh coupon, in per cent per annum; T₁₀ - is the starting date of the eleventh coupon period; T₁₁ - is the expiry date of the eleventh coupon period.</p>
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12 Coupon: The interest rate for the twelfth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value..

<p>Starting date of the twelfth coupon is the 1001st day from the first day of the bond placement.</p>	<p>Expiry date of the coupon period is the coupon payment date being the 1,092nd day from the first day of the bond placement.</p>	<p>The amount of payment under the twelfth coupon per Bond is calculated as follows: $K_{12} = C_{12} * 0,5 * 1000 * (T_{12} - T_{11}) / 365 / 100 \%$, where, K₁₂ - the amount of coupon payment for the twelfth coupon per Bond , rubles: T₁₁ - is the starting date of the twelfth coupon period; T₁₂ - is the expiry date of the twelfth coupon period.</p>
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13. Coupon: The interest rate for the thirteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

<p>Starting date of the thirteenth coupon is the 1,092nd day from the first day of the bond placement.</p>	<p>Expiry date of the coupon period is the coupon payment date being the 1,183rd day from the first day of the bond placement.</p>	<p>The amount of payment under the thirteenth coupon per Bond is calculated as follows: $K_{13} = C_{13} * 0,5 * 1000 * (T_{13} - T_{12}) / 365 / 100 \%$, where, K₁₃ - the amount of coupon payment for the thirteenth coupon per Bond , rubles: C₁₃ - is the interest rate of the thirteenth coupon, in per cent per annum T₁₂ - is the starting date of the thirteenth coupon period; T₁₃ - is the expiry date of the thirteenth coupon period</p>
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14. Coupon: The interest rate for the fourteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

<p>Starting date of the fourteenth coupon is the 1,183rd day from the first day of the bond placement.</p>	<p>Expiry date of the coupon period is the coupon payment date being the 1,274th day from the first day of the bond placement.</p>	<p>The amount of payment under the fourteenth coupon per Bond is calculated as follows: $K_{14} = C_{14} * 0,5 * 1000 * (T_{14} - T_{13}) / 365 / 100 \%$, where, K₁₄ - the amount of coupon payment for the fourteenth coupon per Bond , rubles: C₁₄ - is the interest rate of the fourteenth coupon, in percent per annum; T₁₃ - is the starting date of the fourteenth coupon period; T₁₄ - is the expiry date of the fourteenth coupon period.</p>
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15. Coupon: The interest rate for the fifteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

<p>Starting date of the fifteenth coupon is the 1,274th day from the first day of the bond placement.</p>	<p>Expiry date of the coupon period is the coupon payment date being the 1,365th day from the first day of the bond placement.</p>	<p>The amount of payment under the fifteenth coupon per Bond is calculated as follows: $K_{15} = C_{15} * 0,25 * 1000 * (T_{15} - T_{14}) / 365 / 100 \%$, where, K₁₅ - the amount of coupon payment for the fifteenth coupon per Bond , rubles: C₁₅ - is the interest rate of the fifteenth coupon, in percent per</p>
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	placement.	annum; T14 - is the starting date of the fifteenth coupon period; T15 - is the expiry date of the fifteenth coupon period.
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16. Coupon: The interest rate for the sixteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixteenth coupon is the 1,365 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,456 th day from the first day of the bond placement.	The amount of payment under the sixteenth coupon per Bond is calculated as follows: $K16 = C16 * 0,25 * 1000 * (T16 - T15) / 365 / 100 \%$, where, K16 - the amount of coupon payment for the sixteenth coupon per Bond , rubles: C16 - is the interest rate of the sixteenth coupon, in per cent per annum T15 - is the starting date of the sixteenth coupon period; T16 - is the expiry date of the sixteenth coupon period.
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The amount of payment for each coupon is determined accurate to one kopeck (with mathematical rounding off). In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.

9.4. Procedure and time of Bond Yield Payment, including the Procedure and time of Coupon Yield Payment.

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		

1 Coupon

Starting date of the bond placement	91 st day from the starting date of the bond placement	On the 91 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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The procedure of the coupon (interest) yield payment:

Payment of the Bond yield is effected in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to Bond Owners and/or Bond Holders authorized to receive appropriate amounts from the Bond yield payment in favor of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may, but is not obliged to authorize the Bond holder who is a depositor of the Depository to receive amounts from the Bond yield payment. If the owner of Bonds has not authorized a Depository's depositor to receive money from the yield on the Bonds in his/her favor, the yield on the Bonds shall be paid directly to the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- 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 individuals) and postal address of the Bond Owner including postal code;
- details 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 legal entity – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is an individual:

- 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.

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

- a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;
- c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:
 - No. of the bank account;
 - name of the bank, with which the account is opened;
 - correspondent account of the bank, with which the account is opened;
 - location and mailing address of the bank;
 - bank identification code of the bank, with which the account is opened;
- e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to 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 Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of

obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

2 Coupon

91 st day from the starting date of the bond placement	182 nd day from the starting date of the bond placement	On the 182 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the second coupon income payment is the same as that of the first coupon income payment.

3 Coupon

182 nd day from the starting date of the bond placement	273 rd day from the starting date of the bond placement	On the 273 rd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the third coupon income payment is the same as that of the first coupon income payment.

4. Coupon:

273 rd day from the starting date of the bond placement	364 th day from the starting date of the bond placement	On the 364 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.

5 Coupon

364 th day from the starting date of the bond placement	455 th day from the starting date of the bond placement	On the 455 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.

6 Coupon

455 th day from the starting date of the bond placement	546 th day from the starting date of the bond placement	On the 546 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the sixth coupon income payment is the same as that of the first coupon income payment.

7 Coupon

546 th day from the starting date of the bond placement	637 th day from the starting date of the bond placement	On the 637 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the seventh coupon income payment is the same as that of the first coupon income payment.

8 Coupon

637 th day from the starting date of the bond placement	728 th day from the starting date of the bond placement	On the 728 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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Procedure of the eighth coupon income payment is the same as that of the first coupon income payment.

9 Coupon

728 th day from the starting date	819 th day from the starting date of the	On the 819 th day from the	Payment of the coupon income on bonds are made for the benefit of Bond Owners being
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of the bond placement	bond placement	starting date of the bond placement	those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the ninth coupon income payment is the same as that of the first coupon income payment.			

10 Coupon

819 th day from the starting date of the bond placement	910 th day from the starting date of the bond placement	On the 910 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the tenth coupon income payment is the same as that of the first coupon income payment.			

11 Coupon

910 th day from the starting date of the bond placement	1,001 st day from the starting date of the bond placement	On the 1,001 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the eleventh coupon income payment is the same as that of the first coupon income payment.			

12 Coupon

1,001 st day from the starting date of the bond placement	1,092 nd day from the starting date of the bond placement	On the 1,092 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the twelfth coupon income payment is the same as that of the first coupon income payment.			

13 Coupon

1,092 nd day from the starting date of the bond placement	1,183 rd day from the starting date of the bond placement	On the 1,183 rd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the thirteenth coupon income payment is the same as that of the first coupon income payment.			

14 Coupon

1,183 rd day from the starting date of the bond placement	1,274 th day from the starting date of the bond placement	On the 1,274 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fourteenth coupon income payment is the same as that of the first coupon income payment.			

15 Coupon

1,274 th day from the starting date of the bond placement	1,365 th day from the starting date of the bond placement	On the 1,365 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fifteenth coupon income payment is the same as that of the first coupon income payment.			

16 Coupon

1,365 th day from the starting date of the bond placement	1,456 th day from the starting date of the bond placement	On the 1,456 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the sixteenth coupon income payment is the same as that of the first coupon income payment.			

9.5. Possibility and conditions of Bond redemption before maturity.

Bond redemption before maturity is not provided for by the Decision on the Securities Issue.

9.6. Data on Payment Agents

Coupon (interest) yield and the redemption sums under the Bonds shall be paid by the Issuer through its Payment agent.

Full official name: *National Depository Center Nonprofit Partnership*

Abbreviated official name: *NDC*

Place of business: *1/13 Sredniy Kislovskiy per., building 4, Moscow*

The duties of Payment Agent are:

1. To transfer monies, on behalf and for the account of the Issuer, to the parties stated in the List of Owners and Nominal Holders of the Bonds entitled to getting coupon yield/ getting retirement monies (hereinafter referred to for the purposes of this clause as the List of Owners and/or Nominal Holders of the Bonds) to the amount, within the time and according to the procedure established by the Decision on Bonds Issue and the agreement between the Issuer and the Payment Agent.

Issuer's monies intended for the Payment Agent to effect Payments under the Bonds shall be pre-transferred by the Issuer to the details of the bank account indicated by the Payment Agent according to the procedure and within the time established by the Decision on the Bonds Issue.

2. To provide Depository's depositors and all parties concerned with information on the timing and terms of the payment of the coupon yield under the Bonds and/or Bonds retirement by publishing such information on the official web site of NDC at: www.ndc.ru.

3. Observe confidentiality in respect of the information received by the Payment Agent in connection with performing its obligations, unless such information is generally accessible or is to be disclosed according to the standard acts of the Russian Federation.

The Issuer may appoint extra and/or other payment agents and cancel such appointments.

Official notices of the Issuer on appointing extra and/or other payment agents and on canceling such appointments shall be published by the Issuer on the news tape and on the web-page within 5 (five) days before the date of such appointments or their cancellation.

9.7. Data on the actions of the Bonds holders and on the procedure of disclosing information in case of default under the Bonds

The Issuer must repay to the Bond owners the Bonds face value and must pay the coupon yield under the Bonds within the time and according to the procedure provided for by the terms and conditions of the Decision on the Bonds issue and the Offering Circular.

Non-performance of Issuer's obligations under the Bonds shall be considered as a material breach of the terms of the contract of loan (default) in case of:

- a delay in the performance of an obligation to pay an interest (coupon) due under the Bond by more than 7 days or refusal to perform such an obligation;

- a delay in the performance of an obligation to pay the principal amount of debt under the Bond by more than 30 days or refusal to perform such an obligation.

Performance of respective obligations with a delay, however, within the timing set forth in this clause, shall be considered a technical default.

The Issuer shall be responsible for failure to duly fulfill its obligations to the Bond owners in compliance with Article 395 of the Civil Code of the Russian Federation and clause 2 of Article 811 of the Civil Code of the Russian Federation.

In the case of a default or technical default under the Bonds the Bond owners or nominal holders shall be entitled to apply to the Issuer with a demand to perform the Issuer's obligations not performed under the Bonds of the issue.

In the case of default or technical default under the Bonds the Bond owners and/or nominal holders shall be entitled to apply to the party providing security for the Bonds issue (LLC UTK-Finance, hereinafter referred to as the Warrantor) with a demand to perform the Issuer's obligations not performed under the Bonds of the issue, ensured according to the security conditions determined in Clause 12.2. of the Decision on the securities issue.

Procedure of filing a claim with the Warrantor in case of default and/or technical default:

Bond Owners and/or nominal Bond Holders shall present to the Warrantor written requests to pay the respective portion of the face value of the Bonds and/or to pay the coupon yield on the Bonds (hereinafter referred to as the Claim of Fulfilling the Obligations (Claim)).

The Claim of Fulfilling the Obligations shall meet the following conditions:

- ***The Claim of Fulfilling the Obligations shall be presented to the Warrantor in writing in Russian and signed by the Bonds Owner (or its authorized representatives);***
- ***The following shall be stated in the Claim of Fulfilling the Obligations: full name of the Bonds Owner, taxpayer's No. of the Bonds Owner, tax status of the Bonds Owner, place of residence (location) of the Bonds Owner, details of the bank account of the Bonds Owner to transfer monies, number of the Bonds, under which the Claim of Fulfilling the Obligations is presented; scope of Unfulfilled Obligations in respect of the Bonds Owner who is sending such a Claim of Fulfilling the Obligation.***
- ***The Claim of Fulfilling the Obligations shall state that the Issuer has not fulfilled or failed to fulfill completely and within the timing set forth on the Decision on the Securities Issue and in the Offering Circular:***
 - ***the obligations to pay a respective part of the face value;***
 - ***the obligations to pay the coupon yield;***
- ***The Claim of Fulfilling the Obligations shall be presented to the Warrantor no later than 90 (ninety) days from the respective Due Date of Issuer's Obligations Execution in respect of the Bonds Owner sending such a Claim of Fulfilling the Obligations. The date when the Warrantor receives the Claim shall be considered as the date of presenting Claim.***
- ***To prove the rights of the Bonds Owner to the Bonds stated in the Claim of Fulfilling the Obligations, such Claim shall be accompanied by a statement of the custody account with the NDC or depositaries, which are depositors of NDC, as of the Date of Making up the List of Owners and/or Nominal Holders of the Bonds for the purpose of paying the coupon yield under the Bonds and/or Bonds retirement, determined in compliance with the Decision on the Securities Issue and the Offering Circular.***
- ***The Claim of Fulfilling the Obligations and documents enclosed thereto shall be sent to the Warrantor by registered mail, by messenger mail or express mail.***
- ***The Warrantor shall consider the Claim of Fulfilling the Obligations within 14 (fourteen) days from the day of the expiry of the period of 90 (ninety) days. The Warrantor is entitled to express any objections against the Claim of Fulfilling the Obligations that could be presented by the Issuer, and shall not lose the right of such objections even if the Issuer waives them or recognizes its debt.***
- ***Claims of Fulfilling the Obligations presented to the Warrantor later than 90 (ninety) days from the respective Due Date of Issuer's Obligations Execution in respect of the Bond Owners sending such a Claim of Fulfilling the Obligations shall not be considered by the Warrantor.***
- ***If the Warrantor chooses to satisfy the Claim of Fulfilling the Obligations, the Warrantor shall notify the Bonds Owner thereof and, within 30 (thirty) days from the day of expiry of the period for consideration of the Claim of Fulfilling the Obligations, shall effect a money transfer in compliance with the terms and conditions of the Offer to the Bond Owner's bank account, the details of which are stated in the Claim of Fulfilling the Obligations.***

Procedure of bringing an action to the court or court of arbitration (jurisdiction and limitation period):

If it is impossible for Owners of the Bonds secured by the guarantee of LLC UTK-Finance to get a satisfaction of claims in respect of their Bonds concerning payment of the respective part of the face value and/or payment of the coupon yield, presented to the Issuer and/or the Warrantor, the Bonds Owners are entitled to apply to the court or court of arbitration suing the Issuer and/or the Warrantor to pay the respective part of the face value and/or the coupon yield under the Bonds.

If the Issuer is sued, the Bonds Owners are also entitled to demand payment of interest for failure to fulfill the obligations under the Bonds in time in compliance with articles 395 and 811 of the RF Civil Code.

If it is impossible for Owners of the Bonds to get a satisfaction of claims in respect of their Bonds concerning a pre-term repayment of the unredeemed part of the face value together with the interest due in case of Issuer's failure to fulfill and/or to duly fulfill its obligations in respect of the payment of the respective part of the Bonds face value within the time established by the Decision on the Securities Issue (clause 2, article 811 of the RF Civil Code), presented to the Issuer, the Bonds Owners are entitled to apply to the court or court of arbitration suing the Issuer to pay the respective part of the face value and/or the coupon yield under the Bonds and interest for failure to fulfill the obligations under the Bonds in due time in compliance with articles 395 and 811 of the RF Civil Code.

In accordance with article 196 of the RF Civil Code, the total length of the limitation period is three years. According to article 200 of the Russian Federation Civil Code, the limitation period commences from the day the person learns or must have learnt of a breach of its right.

Court jurisdiction of civil cases is established by article 22 of the Civil Code of Practice of the Russian Federation. In accordance with the said article, courts of general jurisdiction examine and decide on statements of claims with the participation of individuals, companies, state authorities and local government bodies concerning the protection of infringed or contested rights, freedoms and legal interests in connection with disputes that arise from civil, family, labor, housing, land, environmental and other legal relationships. Arbitration court jurisdiction of cases is established by article 27 of the Arbitration Code of Practice of the Russian Federation. In compliance with the said article, the jurisdiction of the court of arbitration includes cases related to economic disputes and other cases connected with business and other economic activities. Courts of arbitration settle economic disputes and examine other cases with the participation of organizations with the status of legal entities, citizens doing business without forming a legal entity and having the status of an individual entrepreneur acquired according to the procedure established by the law (hereinafter referred to as individual entrepreneurs) and, in the cases provided for by the Code and other federal laws, with the participation of the Russian Federation, entities of the Russian Federation, municipal units, state authorities, local government bodies, other authorities, officials, units having no status of a legal entity and citizens having no status of an individual entrepreneur.

Penalties imposed on the Issuer in case of default or technical default under the Bonds shall be established in compliance with the active law of the RF.

Procedure of disclosing information on failure to fulfill or to duly fulfill the obligations under the Bonds:

The Issuer shall publish the notice on technical default or a default under the Bonds on the news tape and on the web-page, not later than 5 (five) days from the moment of the occurrence of a technical default or a default. The information disclosed in such a notice shall include:

- *scope of the commitments that have not been fulfilled;*
- *cause of failure to fulfill the obligations;*
- *list of possible actions of Bond Owners.*

The notice on the Issuer's execution or on the delay in execution of obligations to pay coupon yield under the Bonds shall be published in the form of notification on the material fact "Data on accrued and/or paid yield under the Issuer's securities" and "Data on the timing of Issuer's execution of its commitments to securities holders" within the following periods from the due date of execution of the appropriate obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii) no later than 30 (thirty) days from the specified date.

The notice on the Issuer's execution or delay in execution of obligations concerning payment (retirement) of the respective part of the Bond's face value shall be published in the form of the notification on material fact "Data on the timing of Issuer's execution of its commitments to securities holders" in the following procedure and within the following periods from the due date of execution of the appropriate obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of

Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

The notice on the Issuer's execution or delay in execution of obligations to buy the Bonds shall be published in the form of the notification on material fact "Data on the timing of Issuer's execution of its commitments to securities holders" in the following procedure and within the following periods from the due date of execution of the obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

10. Data on bonds' acquisition.

1. The Issuer's obligations to buy the Bonds on demand of the Bond owner (owners), such Bonds being available for further circulation: ***not provided for***

2. The possibility of the Bonds acquisition by the Issuer under the agreement with the Bonds owner (owners), such Bonds being available for further circulation until the repayment deadline

The Decision on securities issue provides for the possibility of the Bonds acquisition by the Issuer under the agreement with their owner (owners), such Bonds being available for further circulation until the repayment deadline (the repayment date of the last (sixth) part of the Bonds face value).

The Decision on the Bonds acquisition shall be taken by the Issuer's authorized body. The price, at which the Issuer undertakes to acquire the Bonds issued by it upon agreement with their owners, and the Bonds acquisition timing, shall be stated (determined) in the decision on acquisition. The time of Bonds acquisition cannot be earlier than the date of the state registration of the report on the results of the securities issue.

Based on such a decision on acquisition, the Issuer shall publish an irrevocable offer of the acquisition of its Bonds, which shall set forth the procedure of Bonds acquisition upon agreement with their Owners.

If a transaction or several transactions of acquisition of its Bonds by the Issuer upon agreement with their owners are considered as major transactions or related-party transactions, such transactions shall be approved in compliance with the RF legislation.

Later, the Bonds bought by the Issuer may circulate again in the secondary market (provided the Issuer observes the requirements of the legislation of the Russian Federation).

Procedure of Issuer's Disclosing Information on Bonds acquisition:

Information on Issuer's decision to acquire Bonds upon agreement with their Owners in case the Issuer takes such a decision (Public irrevocable offer) shall be published within 5 (five) days from the date the Issuer takes the respective decision, but not later than 7 (seven) days before the period of Bonds acquisition as follows:

- *on the news tape;*
- *on the web page;*
- *in the newspaper "Rossiyskaya gazeta".*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii).

The notice shall contain the following information:

- *date of taking the decision on acquisition of the Bonds;*
- *identification characteristics of Bonds, state registration No. and date of the state registration of the Bonds issue;*
- *number of Bonds acquired;*
- *starting date of issued Bonds acquisition by the Issuer;*
- *final date of issued Bonds acquisition by the Issuer;*
- *price of issued Bonds acquisition or the procedure of determining it;*
- *procedure of Bonds acquisition, including the period of submitting applications for acquisition and the payment deadline;*
- *payment form and period.*

The announcement on the execution of obligations of the Issuer to buy the Issuer's Bonds shall be published in the form of the notification on material fact "Data on the timing of Issuer's execution of its commitments to securities holders" in the following procedure and within the following periods from the due date of execution of the appropriate obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice must also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

11. The procedure of the Issuer's disclosing information on the issue of securities in compliance with the RF legislation and the Standards for the securities issue and registration of Securities Offering Circulars

The Issuer shall disclose the information on the Bonds issue in compliance with the requirements of the active law, regulating the issues of information disclosure by the issued securities Issuers.

1) The notice on taking the decision by the Issuer's authorized body on the Bond placement shall be published by the Issuer in the form of the notice on material fact "Data on the securities issue by the Issuer" according to the following procedure and within the following periods from the date of making up the respective minutes:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

2) The notice on approving the decision by the Issuer's authorized body on the issue of securities shall be published by the Issuer in the form of the notice on material fact "Data on taking the decision by the Issuer's authorized body on the issue of issued securities" according to the following procedure and within the following periods from the date of making up the respective minutes:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

3) The report on the State registration of the securities issue shall be published by the Issuer in the form of the notice on material fact "Data on the securities issue by the Issuer" according to the following procedure and within the following periods from the date of the State registration of the Bonds issue.

- *on the news tape - within 3 (Three) days;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

4) Within 3 (Three) days from the day of the state registration of the bonds issue, the Issuer shall publish the text of the registered Offering circular on the Internet page.

The text of the registered Offering Circular will be accessible in the Internet from the day of its publication till the expiry of 6 months from the day of publishing of the registered Report on the results of the securities issue in the Internet.

The Issuer shall ensure access to the information contained in the registered Decision on the Securities Issue and the Offering Circular by providing to all interested parties the possibility of getting familiarized with the registered Decision on the Securities Issue and the Offering Circular and get copies of the said documents at

the following address: 66, Karasunskaya street, Krasnodar, 350000.

The Issuer must provide the copies of the said documents to the Bond owners and to other interested parties upon their demand for a fee not exceeding the expenses for duplication of the said documents within 7 (seven) days from the date the demand is presented.

5) The notice on the Starting Date of the Bond placement shall be published by the Issuer according to the following procedure and within the following periods:

- on the news tape at least 5 (Five) days in advance of the Bond placement start date;*
- on the web page - at least 4 (Four) days in advance of the Bond placement start date.*

6) Should the Issuer decide to change the Starting Date of the Bond placement, information on which has been disclosed as described above, the Issuer shall publish an Information on the change of the Starting Date of the Bond placement in the news tape and on its web page at least 1 (one) day in advance of such date.

7) The notice on taking the decision by the Issuer's authorized body on determining interest rate for the 1st coupon shall be published by the Issuer in the form of the notice on material fact "Data on accrued and/or paid yield under the Issuer's securities" within the following periods from the date of the determining the rate for the 1st coupon by the Issuer.

- on the news tape - within 1 (One) day;*
- on the web page - within 3 (Three) days;*
- in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

8) If the Issuer takes a decision to introduce any amendments and/or additions to the Decision on the Issue of Securities and/or the Offering Circular and/or if the Issuer receives a written order (prescription, injunction) of a state agency authorized to take a decision on suspending the placement of securities in compliance with the legislation of the Russian Federation (hereinafter referred to as the authorized state authority), the Issuer shall suspend the Bond placement and shall publish Information on Suspending the Bond placement.

Information on Suspending the Bond placement shall be published by the Issuer within the following time from the date of making up the minutes of the meeting (session) of the Issuer's authorized body, at which the decision was taken to introduce amendments and/or additions to the Decision on the Issue of Securities and/or the Offering Circular or from the date, on which the Issuer receives a written order (prescription, injunction) of the authorized state agency to suspend the Bond placement:

- on the news tape - within 1 (One) day;*
- on the web page - within 3 (Three) days;*
- in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

9) After the registration of amendments and/or additions to the Decision on the Issue of Securities and/or the Offering Circular, after taking a decision on refusal to register such amendments and/or additions or receiving a written notification (ruling, decision) of the authorized state agency on permission to resume Bond placement (on termination of the validity of the grounds for suspension of the Bond placement), the Issuer shall publish Information on Resuming the Bond placement.

Information on Resuming the Bond placement shall be published by the Issuer within the following time from the date of registration of the amendments and/or additions to the Decision on the Issue of Securities and/or the Offering Circular or taking a decision on refusal to register such amendments and/or additions or the date of the Issuer receiving a written notification (ruling, decision) of the authorized state agency on permission to resume the Bond placement (on termination of the validity of the grounds for suspension of the Bond placement).

- on the news tape - within 3 (Three) days;*
- on the web page - within 3 (Three) days;*
- in the newspaper "Rossiyskaya gazeta" – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of

Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date. It is not permitted to resume the Bond placement prior to publishing the information on resuming the Bond placement in a periodical.

10) The notice on the completion of the Bond placement shall be published within the following periods from the last day of the placement period determined by the Decision on the securities issue, and if all the Bonds are placed before the expiry of this period – from the date of the placement of the last bond of the Issue:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The notification shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

11) The information on the State registration of the Report on the results of the securities issue shall be published by the Issuer in the form of the notice on material fact “Data on the securities issue by the Issuer” in the following procedure and within the following periods from the date of the State registration of the Report on the results of the securities issue.

- *on the news tape - within 3 (Three) days;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

12) Within 3 (Three) days from the day of the State registration of the Report on the results of the securities issue, the Issuer shall publish the text of the registered Report on the results of the securities issue on the web page.

The text of the registered Report on the results of the securities issue shall be accessible in the Internet till the expiry of 6 months from the day of its publishing in the Internet.

The Issuer shall also ensure access to the information contained in the registered Report on the results of the securities issue by providing to all interested parties the possibility of getting familiarized with the registered Report on the results of the securities issue and get copies of the said document at the following address: 66, Karasunskaya street, Krasnodar, 350000.

The Issuer must provide the copies of the registered Report on the results of the securities issue to the Bond owners and to other interested parties upon their demand for a fee not exceeding the expenses for duplication of such copies within 7 seven days from the date the demand is presented.

13) If case the issue is recognized as failed or invalid the Issuer shall publish such information in the form of the notification on material fact “Data on the securities issue by the Issuer” in the following procedure and within the following periods from the date of receiving a written notification (ruling, decision) of the authorized state body on acknowledgement of an issue as failed or invalid:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii)) no later than 30 (thirty) days from the specified date.

15) The notice on the Issuer’s execution or on the delay in execution of obligations to pay coupon yield under the Bonds shall be published in the form of notification on the material fact “Data on accrued and/or paid yield under the Issuer's securities” and “Data on the timing of Issuer's execution of its commitments to securities holders” within the following periods from the due date of execution of the appropriate obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*

- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii) no later than 30 (thirty) days from the specified date.

17) The notice on the Issuer’s execution or delay in execution of obligations concerning payment (retirement) of the respective part of the Bond’s face value shall be published in the form of the notification on the material fact “Data on the timing of Issuer's execution of its commitments to securities holders” in the following procedure and within the following periods from the due date of execution of the appropriate obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii) no later than 30 (thirty) days from the specified date.

18) The notice on the Issuer’s execution or delay in execution of obligations to buy the Bonds shall be published in the form of the notification on essential fact “Data on the timing of Issuer's execution of its commitments to securities holders” in the following procedure and within the following periods from the due date of execution of the obligation:

- *on the news tape - within 1 (One) day;*
- *on the web page - within 3 (Three) days;*
- *in the newspaper “Rossiyskaya gazeta” – within 5 (Five) days.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii) no later than 30 (thirty) days from the specified date.

19) The Issuer shall publish the notice on technical default or a default under the Bonds on the news tape and on the web-page, not later than 5 (five) days from the moment of the occurrence of a technical default or a default. The information disclosed in such a notice shall include:

- *scope of the commitments that have not been fulfilled;*
- *cause of failure to fulfill the obligations;*
- *list of possible actions of Bond Owners.*

20) Information on Issuer's decision to acquire Bonds upon agreement with their Owners in case the Issuer takes such a decision shall be published within 5 (five) days from the date the Issuer takes the respective decision, but not later than 7 (seven) days before the period of Bonds acquisition as follows:

- *on the news tape;*
- *on the web page;*
- *in the newspaper “Rossiyskaya gazeta”.*

The report shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii).

A notice shall contain the following information:

- *date of taking the decision on acquisition of the Bonds;*
- *identification characteristics of Bonds, state registration No. and date of the state registration of the Bonds issue;*
- *number of Bonds acquired;*
- *starting date of issued Bonds acquisition by the Issuer;*
- *final date of issued Bonds acquisition by the Issuer;*
- *price of issued Bonds acquisition or the procedure of determining it;*
- *procedure of Bonds acquisition;*
- *form and time of payment.*

21) Official notices of the Issuer on appointing extra payment agents and on canceling such appointments shall be published by the Issuer on the news tape and on the web-page within 5 (five) days before the date of such appointments or their cancellation.

22) In case of a change of conditions of ensuring fulfillment of obligations under the Bonds for reasons beyond the control of the Issuer or owners of secured Bonds, such as restructuring, winding up, or bankruptcy of the party that has provided the security, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- on the news tape - within 5 (Five) days;*
- on the web page – after publication of the report on the news tape.*

23) If the data of the party providing security for the issue's Bonds has changed, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- on the news tape - within 5 (Five) days;*
- on the web page – after publication of the report on the news tape.*

24) Should any other material facts concerning the financial and economic operation of the Issuer occur, then such information shall be published by the Issuer in compliance with the legislation of the Russian Federation effective as of the moment of the occurrence of the respective material fact.

25) If there is any information that may have a significant effect on the value of the Issuer's securities (listed in Clause 8.6 of the Provisions on Information Disclosure by Securities Issuers approved by the Order of the Federal Financial Markets Service of Russia dated 16 March 2005 No. 05-5/pz-n), then such information shall be disclosed by the Issuer within the following periods from the moment of the occurrence of such event:

- on the news tape - within 1 (One) day;*
- on the web page - within 3 (Three) days.*

The disclosed information must be available within more than 6 months from the day of its publication in Internet.

Any information that may have a significant influence on the value of publicly placed and/or publicly circulating Issuer's securities shall be published by the Issuer on the news tape prior to its disclosure by any other way.

A copy of the information sent by the Issuer to an information agency for publishing in the news bulletin shall be sent to the authorized registration authority, whose powers include the registration of the issue of the Issuer's securities, by mail or otherwise in compliance with the requirements of the law during the same day.

The notifications on material facts and data that may have a significant effect on the price of the Issuer's securities shall be sent by the Issuer to the registering authority in the form established by standard legal acts not later than 5 (five) days from the moment of the occurrence of such fact. The text on the notice on the material fact shall be accessible on the web-page till the expiry of 6 months from the day of its publishing.

12. Data of Ensuring Fulfillment of Commitments under the Bonds of the Issue

12.1. Data on the party providing surety for obligations under Bonds

Full official name: *UTK-Finance Limited Liability Company*

Abbreviated official name: *UTK-Finance LLC*

Place of business: *66, Karasunskaya Street, Krasnodar, 350000*

Basic state registration No: *1032304152220*

Date of making the entry in the Single state register of legal entities: *25 March 2003*

UTK-Finance LLC has not incurred any duty and is not obliged to disclose any information on its financial and economic operations, including in the form of a quarterly report and notifications on material facts (events, actions) influencing its financial and economic operations.

12.2. Conditions of Ensuring Fulfillment of Commitments under the Bonds

A secured Bond provides to its holder all the rights ensuing from such security.

Type of collateral: *surety*

IRREVOCABLE PUBLIC OFFER
of Providing a Security in the Form of a Surety for the Purposes of the Bonds Issue

1. Terms and definitions.
 - 1.1. “Company“ – “UTK-Finance” Limited Liability Company, “UTK-Finance” LLC
 - 1.2. “Issuer” – Public Joint-Stock Company "Southern Telecommunications Company", "UTK" PJSC
 - 1.3. “Documents of the Issue” - Decision on the Securities Issue, Offering Circular and Certificate of Bonds.
 - 1.4. “Bonds” – series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody in total amount of 5,000,000 (five million) bonds with the face value of 1,000 (one thousand) rubles each, issued by the Issuer in compliance with the Documents of the Issue.
 - 1.5. “NDC” - “National Depository Center” Non-Profit Partnership performs the functions related to Bonds depository recording.
 - 1.6. “Limit Amount” -5,000,000,000 (five billion) rubles, as well as the amount comprising the aggregate coupon yield under 5,000,000 (five million) Bonds.
 - 1.7. “Volume of Outstanding Obligations” the volume, in which the Issuer has not fulfilled or has not duly fulfilled the Issuer's obligations.
 - 1.8. “OFFER” – this PUBLIC IRREVOCABLE OFFER on providing a security in the form of a surety for the purposes of the bond issue.
 - 1.9. “Issuer's Obligations” – obligations of the Issuer to Bond Owners as defined in clause 3.1. of the Offer.
 - 1.10. “Event of Default” – an event described in clause 3.1. of the Offer.
 - 1.11. “Issuer's Obligations Execution Time” - any of the due dates of Issuer's obligations execution indicated in the Documents of the Issue.
 - 1.12. “Claim of Fulfilling the Obligations” – a demand of the Bond Owner to the Company, meeting the conditions of clauses 3.2-3.6 of the Offer.
 - 1.13. “Outstanding part of the Bond’s face value” - difference between the face value of a Bond and the part of the Bond’s face value that has been repaid in accordance with the Documents of the Issue.
2. Subject and Nature of the Offer. Offer Acceptance Terms.
 - 2.1. This is the Offer of the Company to any party intending to acquire Bonds to enter into a contract with the Company on provision by the Company of a security in the form of a surety for the purposes of the bonds issue in compliance with the legislation of the Russian Federation, the Company’s Charter and terms of the Offer.
 - 2.2. This Offer is a public offer and expresses the will of the Company to enter into a contract of guarantee with any acquirer of Bonds on the terms and conditions indicated in the Offer.
 - 2.3. This Offer is irrevocable, i.e. it cannot be revoked during the period established for acceptance of the Offer.
 - 2.4. All terms of the Offer are to be fully included in the Documents of the Issue. The Offer shall be considered as received by the addressee at the moment the Issuer provides all potential acquirers of Bonds with the possibility of access to the information on the Bonds issue contained in the Documents of the Issue and to be disclosed in compliance with the Federal Law “On the Securities Market” and the other standard acts regulating the procedure of disclosing information by the securities issuers.
 - 2.5. The Offer may be accepted only by acquiring one or several Bonds according to the procedure, on the conditions and within the time established by the Documents of the Issue. The acquisition of Bonds means that the acquirer of Bonds makes a contract of guarantee with the Company, under which the Company undertakes to the acquirer of Bonds to answer for the Issuer's execution of its obligations to the Bonds acquirer on the conditions established by the Offer. The contract of guarantee ensuring fulfillment of the obligations related to the Bonds shall be deemed executed from the moment of accrual of their first owner’s right to such Bonds, in which case, the written form of the contract shall be deemed complied with. With the passage of the title to the

Bond, the acquirer also receives the rights under the said Contract in the same scope and on the same conditions that exist as of the moment of the passage of the title to the Bond.

3. Obligations of the Company. Procedure and Terms of Fulfilling Them.

3.1. The Company assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- to pay the face value (the corresponding parts of the face value) of the Bonds to their owners,
 - payment of coupon yield under the Bonds,
- on the following conditions:

The extent to which the Company is answerable to the owners of Bonds covered by the guarantee in case of non-fulfillment and/or undue fulfillment by the Issuer of its obligations in respect of the Bonds shall be limited to a Limit Amount.

In case of Issuer's failure to fulfill and/or to duly fulfill the Issuer's Obligations, the Company and the Issuer are jointly liable.

The Company undertakes to fulfill the Issuer's Obligations for the Issuer where the Issuer has not fulfilled the Issuer's Obligations in the following cases:

- The Issuer has failed to pay or to fully pay the respective part of the face value to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue;
- The Issuer has failed to pay or to fully pay the coupon yield under Bonds to Bond Owners in the amount and within the time set forth in the Documents of the Issue;

3.2. The Company undertakes to fulfill the Issuer's Outstanding Obligations in the amount of the Outstanding Obligations and within the limits of the Limit Amount in compliance with the conditions of the Offer. The volume of the Outstanding Obligations shall be determined by the Company on the basis of the Claims of Fulfilling the Obligations received from Bond Owners and set forth in compliance with clause 3.3 of this Offer.

3.3. The Claim of Fulfilling the Obligations shall meet the following conditions:

3.3.1. The Claim of Fulfilling the Obligations shall be presented to the Company in writing in Russian and signed by the Bond Owner (or its authorized representatives);

3.3.2. The following shall be indicated in the Claim of Fulfilling the Obligations:

- full name of the Bonds Owner,
- TIN of the Bonds Owner,
- tax status of the Bonds Owner,
- place of residence (location) of the Bonds Owner,
- banking details for the Bonds Owner's money transfer,
- number of Bonds under which the Claim of Fulfilling the Obligations of the Owner is presented;
- Volume of Outstanding Obligations in respect of the Bonds Owner sending such a Claim of Fulfilling the Obligations.

3.3.3. It shall be indicated in the Claim of Fulfilling the Obligations that the Issuer has not fulfill to the Bond Owner or has not fulfill in full within the time established by the Documents of the Issue:

- the obligations to pay a respective part of the face value;
- the obligations to pay the coupon yield;

3.3.4. The Claim of Fulfilling the Obligations shall be presented to the Company not later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owner sending such a Claim of Fulfilling the Obligations. The date of the Claim receiving by the Company shall be considered the date of the Claim presentation;

3.3.5. The Claim of Fulfilling the Obligations shall be accompanied by a statement of custody account with NDC or with depositaries being depositors of NDC to confirm the rights of the Bond Owner to the Bonds stated in his Claim of Fulfilling the Obligations, as of the date of making up the list of Bond owners and/or nominal holders for the purpose of payment of coupon income yielded by Bonds or Bonds retirement, determined in compliance to the Documents of the Issue;

3.3.6. The Claim of Fulfilling the Obligations and documents enclosed thereto shall be sent to the Company by registered mail, by messenger mail or express mail.

3.4. The Company shall consider the Claim of Fulfilling the Obligations within 14 (fourteen) days from the day of the expiry of the period of 90 (ninety) days established by clause 3.3.4 of the Offer. The Company is entitled to express any objections against the Claim of Fulfilling the Obligations that could be presented by the Issuer and shall not lose the right of such objections even if the Issuer waives them and recognizes its debt.

3.5. The Company shall not consider Claim of Fulfilling the Obligations presented to the Company later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owners sending such a Claim of Fulfilling the Obligations.

3.6. If the Company takes the decision to satisfy the Claim of Fulfilling the Obligations, the Company shall notify the Bond Owner thereof and, within 30 (thirty) days from the day of expiry of the period for consideration of the Claim of Fulfilling the Obligations (clause 3.4. of the Offer), shall effect money transfer in compliance with the terms and conditions of the Offer to the Bond Owner's account, the details of which are indicated in the Claim of Fulfilling the Obligations.

4. Surety Period

4.1. The surety of the Company provided for by the Offer shall take effect from the moment of making a contract of guarantee by the Bonds acquirer with the Company in compliance with clause 2.5 of the Offer.

4.2. The surety of the Company provided for by the Offer under each of the Issuer's Obligations shall terminate upon expiry of 90 (Ninety) days from the day of the due Date of Issuer's Obligations Execution under this Issuer's Obligation, unless the Bond Owner presents the Claim of Fulfilling the Obligations during the said period according to the procedure provided for by this Offer;

4.3. The surety of the Company provided for by the Offer shall terminate:

4.3.1. With termination of all the Issuer's Obligations;

4.3.2. upon expiry of 90 (ninety) days from the day of the due Date of Issuer's Obligations Execution on retirement of the third part of the Bonds face value determined by the Documents of the Issue, unless the Bond Owner presents the Claim of Fulfilling the Obligations during the said period according to the procedure provided for by this Offer;

4.3.3. In case of a change of the Issuer's Obligations entailing increased liability or other unfavorable consequences for the Company, taking place without the consent of the latter;

4.3.4. On other grounds established by the active laws of the Russian Federation.

5. Other Terms

5.1. All issues of relations between the Company and the Bond Owners, concerning Bonds and not covered by the Offer, shall be regulated by the Documents of the Issue and active laws of the Russian Federation and shall be understood and interpreted in compliance with them.

5.2. In case of failure to fulfill or to duly fulfill its obligations under the Offer, the Company and the Bond Owners shall bear responsibility in compliance with the active law.

5.3. The Company shall not bear responsibility to Issuer's creditors in respect of obligations of other parties that gave a guarantee for the Issuer for the purposes of the Bonds issue, even if such parties gave such a guarantee jointly with the Company.

5.4. All and any disputes in connection with the Offer shall be referred to the Court of Arbitration of the city of St. Petersburg.

5.5. This Offer has been made in two originals, one kept by the Company and the second by the Issuer at the place of their location.

This Offer of providing a security in the form of a surety for the purposes of the Bonds issue (hereinafter referred to as the Offer) is a public offer and is addresses to all potential acquirers of Bonds, and expresses the will of the Warrantor to enter into a contract of providing guarantee for the purpose of the Bonds issue with any party who accepted this Offer (hereinafter – the Contract of guarantee).

Any transfer of rights accrued from the surety provided is invalid without transfer of the rights to the Bond. The Warrantor and the Issuer shall be jointly liable to the Bonds' owners for non-fulfillment or improper fulfillment by the Issuer of its obligations to pay the coupon yield and the face value of the Bonds at their retirement.

Where the owners of the Bonds covered by the guarantee cannot be satisfied in their demands to the Issuer and/or Warrantor in respect of the Bonds owned thereby, such owners of the Bonds may apply to the court or arbitration with a lawsuit against the Issuer and/or Warrantor.

In case of a change of conditions of ensuring fulfillment of obligations under the Bonds for reasons beyond the control of the Issuer or owners of secured Bonds, such as restructuring, winding up, or bankruptcy of the party that has provided the security, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- *on the news tape - within 5 (Five) days;*
- *on the web page – after publication of the report on the news tape.*

If the data of the party providing security for the issue's Bonds has changed, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- *on the news tape - within 5 (Five) days;*
- *on the web page – after publication of the report on the news tape.*

13. Issuer undertakes to ensure the rights of Securities Owners, provided they observe the procedure for exercising such rights, established by the laws of the Russian Federation.

14. The party providing security for the Bonds, UTK-Finance Limited Liability Company, undertakes to ensure the Issuer's obligations to Bond Owners in the case of the Issuer's refusal to fulfill the obligations or delinquency in fulfillment of respective obligations under the Bonds according to the security conditions provided.

15. Other data provided for by the Standards for the securities issue and registration of Securities Offering Circulars.

The Bonds are permitted for free circulation in the stock-exchange and off-exchange markets.

Non-residents may acquire Bonds in compliance with the laws and standard acts of the Russian Federation.

In compliance with article 27.6 of the Federal Law "On securities Market" No. 39-FZ of 22.04.96: "Circulation of issued securities until they are fully paid for and until the report of the results of their issue is registered by the state is prohibited".

On any day between the starting date of the bond placement and the issue maturity date the accrued coupon yield (ACY) shall be determined according to the following formula:

$$ACY = C_j * N * (T - T(j-1)) / 365 / 100 \%$$

where:

j is the No. of the coupon period, j=1-4;

N is the face value of a Bond in Russian rubles;

C j is the amount of the interest rate per annum of the j-th coupon;

T(j-1) is the date of the beginning of the j-th coupon period;

T is the date as of which ACY is calculated.

$$ACY = C_j * 0.9 * N * (T - T(j-1)) / 365 / 100 \%$$

where:

j is the No. of the coupon period, j=5-6;

N is the face value of a Bond;

C j is the amount of the interest rate of the j-th coupon;

T(j-1) is the date of the beginning of the j-th coupon period;

T is the date as of which ACY is calculated.

$$ACY = C_j * 0.75 * N * (T - T(j-1)) / 365 / 100 \%$$

where:

j is the No. of the coupon period, j=7-8;

N is the face value of a Bond in Russian rubles;

C j is the amount of the interest rate per annum of the j-th coupon;

*T(j-1) is the date of the beginning of the j-th coupon period;
T is the date as of which ACY is calculated.*

$$ACY = C_j * 0.65 * N * (T - T(j-1)) / 365 / 100 \%$$

where:

*j is the No. of the coupon period, j=9-10;
N is the face value of a Bond in Russian rubles;
C_j is the amount of the interest rate per annum of the j-th coupon;
T(j-1) is the date of the beginning of the j-th coupon period;
T is the date as of which ACY is calculated.*

$$ACY = C_j * 0.5 * N * (T - T(j-1)) / 365 / 100 \%$$

where:

*j is the No. of the coupon period, j=10-14;
N is the face value of a Bond in Russian rubles;
C_j is the amount of the interest rate per annum of the j-th coupon;
T(j-1) is the date of the beginning of the j-th coupon period;
T is the date as of which ACY is calculated.*

$$ACY = C_j * 0.25 * N * (T - T(j-1)) / 365 / 100 \%$$

where:

*j is the No. of the coupon period, j=15-16;
N is the face value of a Bond in Russian rubles;
C_j is the amount of the interest rate per annum of the j-th coupon;
T(j-1) is the date of the beginning of the j-th coupon period;
T is the date as of which ACY is calculated.*

The accrued coupon yield is calculated accurate to one kopeck. Figures are rounded according to the mathematical rounding rules. In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.

There is no other data provided for by the Standards for the securities issue and registration of Securities Offering Circulars.

Appendix 1. Model Certificate

Public Joint-Stock Company "Southern Telecommunications Company" ("UTK" PJSC)

Place of business: 66, Karasunskaya Str., Krasnodar

Mailing address: 66, Karasunskaya Str., Krasnodar, 350000

CERTIFICATE

series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody (hereinafter referred to as the Bonds)

The state registration No. of the bonds issue:

Date of the state registration: _____ 200_

The Bonds shall be placed through the public subscription

The Bonds are issuable securities payable to bearer.

This certificate certifies the rights in respect of 5,000,000 (five million) Bonds with the face value of 1,000 (One thousand) rubles each, with a total par value of 5,000,000,000 (five billion) rubles.

Total number of Bonds of the issue with the state registration No. _____ dated ____ _____ 2004, 5,000,000 (five million) Bonds with the face value of 1,000 (One thousand) rubles each, with a total par value of 5,000,000,000 (five billion) rubles.

The Certificate shall be transferred for keeping at the National Depository Center Nonprofit Partnership (hereinafter referred to as Depository), providing the mandatory centralized custody of the Bonds certificate.

Location of the Depository: building 4, 1/13, Sredny Kislovsky per., Moscow

"UTK" PJSC (hereinafter – the Issuer) undertakes to ensure the rights of Bond Owners, provided they observe the procedure for exercising such rights, established by the laws of the Russian Federation.

Rights of Owner granted by each of the securities of the issue:

A Bond holder is entitled to get respective parts of the face value according to the procedure and within the time determined in Clause 9.2. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular.

A Bond holder is entitled to get the coupon yield, the procedure of its determining being described in Clause 9.3. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular.

In case of Issuer's failure to fulfill or to duly fulfill the obligations of payment of the face value and yield payment under the Bonds of the issue, the Bond Owner shall be entitled to apply to the party providing security for the Bonds issue (the Warrantor) with the appropriate demand.

The Limited Liability Company "UTK-Finance" is the party providing security for the Bonds issue.

The Bond with the security in the form of a surety of UTK-Finance LLC provides to its owner all the rights ensuing from such security according to the security conditions determined in Clause 12.2. of the Decision on the securities issue and in Clause 9.1.2. of the securities Offering Circular. With the passage of the title to the secured Bond, the new Owner (acquirer) also receives the rights ensuing from such security. Any transfer of rights accrued from the surety provided is invalid without transfer of the rights to the Bond.

Possible actions of a Bond owner in the case of the default and / or technical default under the Bonds are shown in Clause 9.7 of the Decision on the securities issue and clause 9.1.2 of the securities Offering Circular.

A Bond owner is entitled to get the outstanding part of 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. The outstanding part of the Bond's face value means above and hereinafter the difference between the face value of a Bond of the issue and the part of the face value of the Bond that has been paid off to the Holders in compliance with the Decision on the securities issue and the securities Offering Circular.

A Bond holder is entitled to freely sell or otherwise alienate the Bond. Bond owners who bought Bonds during the placement shall not be entitled to make transactions with Bonds prior to registration of the report on the results of the securities issue in compliance with the legislation of the Russian Federation.

The Bond owners are entitled to exercise other rights provided for by the laws of the Russian Federation.

General Director

of the Public Joint-Stock Company

"Southern Telecommunications Company"

" _____ " _____ 200

G.A. Romsky

Official seal

Party Providing Security for the Bonds of the Issue:

"UTK-Finance" Limited Liability Company

Director

" _____ " _____ 200

V.E. Skoblikov

Official seal

Data on the Party Providing Security:

Full official name: "UTK-Finance" Limited Liability Company

Abbreviated official name: "UTK-Finance" LLC

Place of business: 66, Karasunskaya street, Krasnodar, 350000

Basic state registration No: 1032304152220

Date of making the entry in the Single state register of legal entities: 25 march 2003

Conditions of fulfillment of obligations by the party providing security

A secured Bond provides to its holder all the rights ensuing from such security.

Type of collateral: surety

IRREVOCABLE PUBLIC OFFER

of Providing a Security in the Form of a Surety for the Purposes of the Bonds Issue

1. Terms and definitions.
 - 1.1. "Company" – "UTK-Finance" Limited Liability Company, "UTK-Finance" LLC
 - 1.2. "Issuer" – Public Joint-Stock Company "Southern Telecommunications Company", "UTK" PJSC
 - 1.3. "Documents of the Issue" - Decision on the Securities Issue, Offering Circular and Certificate of Bonds.
 - 1.4. "Bonds" – series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody in total amount of 5,000,000 (five million) bonds with the face value of 1,000 (one thousand) rubles each, issued by the Issuer in compliance with the Documents of the Issue.
 - 1.5. "NDC" - "National Depository Center" Non-Profit Partnership performs the functions related to Bonds depository recording.
 - 1.6. "Limit Amount" -5,000,000,000 (five billion) rubles, as well as the amount comprising the aggregate coupon yield under 5,000,000 (five million) Bonds.
 - 1.7. "Volume of Outstanding Obligations" the volume, in which the Issuer has not fulfilled or has not duly fulfilled the Issuer's obligations.
 - 1.8. "OFFER" – this PUBLIC IRREVOCABLE OFFER on providing a security in the form of a surety for the purposes of the bond issue.
 - 1.9. "Issuer's Obligations" – obligations of the Issuer to Bond Owners as defined in clause 3.1. of the Offer.
 - 1.10. "Event of Default" – an event described in clause 3.1. of the Offer.
 - 1.11. "Issuer's Obligations Execution Time" - any of the due dates of Issuer's obligations execution indicated in the Documents of the Issue.
 - 1.12. "Claim of Fulfilling the Obligations" – a demand of the Bond Owner to the Company, meeting the conditions of clauses 3.2-3.6 of the Offer.
 - 1.13. "Outstanding part of the Bond's face value" - difference between the face value of a Bond and the part of the Bond's face value that has been repaid in accordance with the Documents of the Issue.
2. Subject and Nature of the Offer. Offer Acceptance Terms.
 - 2.1. This is the Offer of the Company to any party intending to acquire Bonds to enter into a contract with the Company on provision by the Company of a security in the form of a surety for the purposes of the bonds issue in compliance with the legislation of the Russian Federation, the Company's Charter and terms of the Offer.
 - 2.2. This Offer is a public offer and expresses the will of the Company to enter into a contract of guarantee with any acquirer of Bonds on the terms and conditions indicated in the Offer.
 - 2.3. This Offer is irrevocable, i.e. it cannot be revoked during the period established for acceptance of the Offer.

2.4. All terms of the Offer are to be fully included in the Documents of the Issue. The Offer shall be considered as received by the addressee at the moment the Issuer provides all potential acquirers of Bonds with the possibility of access to the information on the Bonds issue contained in the Documents of the Issue and to be disclosed in compliance with the Federal Law "On the Securities Market" and the other standard acts regulating the procedure of disclosing information by the securities issuers.

2.5. The Offer may be accepted only by acquiring one or several Bonds according to the procedure, on the conditions and within the time established by the Documents of the Issue. The acquisition of Bonds means that the acquirer of Bonds makes a contract of guarantee with the Company, under which the Company undertakes to the acquirer of Bonds to answer for the Issuer's execution of its obligations to the Bonds acquirer on the conditions established by the Offer. The contract of guarantee ensuring fulfillment of the obligations related to the Bonds shall be deemed executed from the moment of accrual of their first owner's right to such Bonds, in which case, the written form of the contract shall be deemed complied with. With the passage of the title to the Bond, the acquirer also receives the rights under the said Contract in the same scope and on the same conditions that exist as of the moment of the passage of the title to the Bond.

3. Obligations of the Company. Procedure and Terms of Fulfilling Them.

3.1. The Company assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- to pay the face value (the corresponding parts of the face value) of the Bonds to their owners,
- payment of coupon yield under the Bonds,

on the following conditions:

The extent to which the Company is answerable to the owners of Bonds covered by the guarantee in case of non-fulfillment and/or undue fulfillment by the Issuer of its obligations in respect of the Bonds shall be limited to a Limit Amount.

In case of Issuer's failure to fulfill and/or to duly fulfill the Issuer's Obligations, the Company and the Issuer are jointly liable.

The Company undertakes to fulfill the Issuer's Obligations for the Issuer where the Issuer has not fulfilled the Issuer's Obligations in the following cases:

- The Issuer has failed to pay or to fully pay the respective part of the face value to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue;
- The Issuer has failed to pay or to fully pay the coupon yield under Bonds to Bond Owners in the amount and within the time set forth in the Documents of the Issue;

3.2. The Company undertakes to fulfill the Issuer's Outstanding Obligations in the amount of the Outstanding Obligations and within the limits of the Limit Amount in compliance with the conditions of the Offer. The volume of the Outstanding Obligations shall be determined by the Company on the basis of the Claims of Fulfilling the Obligations received from Bond Owners and set forth in compliance with clause 3.3 of this Offer.

3.3. The Claim of Fulfilling the Obligations shall meet the following conditions:

3.3.1. The Claim of Fulfilling the Obligations shall be presented to the Company in writing in Russian and signed by the Bond Owner (or its authorized representatives);

3.3.2. The following shall be indicated in the Claim of Fulfilling the Obligations:

- full name of the Bonds Owner,
- TIN of the Bonds Owner,
- tax status of the Bonds Owner,
- place of residence (location) of the Bonds Owner,
- banking details for the Bonds Owner's money transfer,
- number of Bonds under which the Claim of Fulfilling the Obligations of the Owner is presented;
- Volume of Outstanding Obligations in respect of the Bonds Owner sending such a Claim of Fulfilling the Obligations.

3.3.3. It shall be indicated in the Claim of Fulfilling the Obligations that the Issuer has not fulfill to the Bond Owner or has not fulfill in full within the time established by the Documents of the Issue:

- the obligations to pay a respective part of the face value;
- the obligations to pay the coupon yield;

3.3.4. The Claim of Fulfilling the Obligations shall be presented to the Company not later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owner sending such a Claim of Fulfilling the Obligations. The date of the Claim receiving by the Company shall be considered the date of the Claim presentation;

3.3.5. The Claim of Fulfilling the Obligations shall be accompanied by a statement of custody account with NDC or with depositaries being depositors of NDC to confirm the rights of the Bond Owner to the Bonds stated in his Claim of Fulfilling the Obligations, as of the date of making up the list of Bond owners and/or nominal holders for the purpose of payment of coupon income yielded by Bonds or Bonds retirement, determined in compliance to the Documents of the Issue;

3.3.6. The Claim of Fulfilling the Obligations and documents enclosed thereto shall be sent to the Company by registered mail, by messenger mail or express mail.

3.4. The Company shall consider the Claim of Fulfilling the Obligations within 14 (fourteen) days from the day of the expiry of the period of 90 (ninety) days established by clause 3.3.4 of the Offer. The Company is entitled to express any objections against the Claim of Fulfilling the Obligations that could be presented by the Issuer and shall not lose the right of such objections even if the Issuer waives them and recognizes its debt.

3.5. The Company shall not consider Claim of Fulfilling the Obligations presented to the Company later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owners sending such a Claim of Fulfilling the Obligations.

3.6. If the Company takes the decision to satisfy the Claim of Fulfilling the Obligations, the Company shall notify the Bond Owner thereof and, within 30 (thirty) days from the day of expiry of the period for consideration of the Claim of Fulfilling the Obligations (clause 3.4. of the Offer), shall effect money transfer in compliance with the terms and conditions of the Offer to the Bond Owner's account, the details of which are indicated in the Claim of Fulfilling the Obligations.

4. Surety Period

4.1. The surety of the Company provided for by the Offer shall take effect from the moment of making a contract of guarantee by the Bonds acquirer with the Company in compliance with clause 2.5 of the Offer.

4.2. The surety of the Company provided for by the Offer under each of the Issuer's Obligations shall terminate upon expiry of 90 (Ninety) days from the day of the due Date of Issuer's Obligations Execution under this Issuer's Obligation, unless the Bond Owner presents the Claim of Fulfilling the Obligations during the said period according to the procedure provided for by this Offer;

4.3. The surety of the Company provided for by the Offer shall terminate:

4.3.1. With termination of all the Issuer's Obligations;

4.3.2. upon expiry of 90 (ninety) days from the day of the due Date of Issuers Obligations Execution on retirement of the third part of the Bonds face value determined by the Documents of the Issue, unless the Bond Owner presents the Claim of Fulfilling the Obligations during the said period according to the procedure provided for by this Offer;

4.3.3. In case of a change of the Issuer's Obligations entailing increased liability or other unfavorable consequences for the Company, taking place without the consent of the latter;

4.3.4. On other grounds established by the active laws of the Russian Federation.

5. Other Terms

5.1. All issues of relations between the Company and the Bond Owners, concerning Bonds and not covered by the Offer, shall be regulated by the Documents of the Issue and active laws of the Russian Federation and shall be understood and interpreted in compliance with them.

5.2. In case of failure to fulfill or to duly fulfill its obligations under the Offer, the Company and the Bond Owners shall bear responsibility in compliance with the active law.

5.3. The Company shall not bear responsibility to Issuer's creditors in respect of obligations of other parties that gave a guarantee for the Issuer for the purposes of the Bonds issue, even if such parties gave such a guarantee jointly with the Company.

5.4. All and any disputes in connection with the Offer shall be referred to the Court of Arbitration of the city of St. Petersburg.

5.5. This Offer has been made in two originals, one kept by the Company and the second by the Issuer at the place of their location.

This Offer of providing a security in the form of a surety for the purposes of the Bonds issue (hereinafter referred to as the Offer) is a public offer and is addresses to all potential acquirers of Bonds, and expresses the will of the Warrantor

to enter into a contract of providing guarantee for the purpose of the Bonds issue with any party who accepted this Offer (hereinafter – the Contract of guarantee).

Any transfer of rights accrued from the surety provided is invalid without transfer of the rights to the Bond.

The Warrantor and the Issuer shall be jointly liable to the Bonds' owners for non-fulfillment or improper fulfillment by the Issuer of its obligations to pay the coupon yield and the face value of the Bonds at their retirement.

Where the owners of the Bonds covered by the guarantee cannot be satisfied in their demands to the Issuer and/or Warrantor in respect of the Bonds owned thereby, such owners of the Bonds may apply to the court or arbitration with a lawsuit against the Issuer and/or Warrantor.

In case of a change of conditions of ensuring fulfillment of obligations under the Bonds for reasons beyond the control of the Issuer or owners of secured Bonds, such as restructuring, winding up, or bankruptcy of the party that has provided the security, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- on the news tape - within 5 (Five) days;
- on the web page – after publication of the report on the news tape.

If the data of the party providing security for the issue's Bonds has changed, the Issuer shall publish such information within the following dates from the date of occurrence of such event:

- on the news tape - within 5 (Five) days;
- on the web page – after publication of the report on the news tape.

Procedure and Terms of Bonds Retirement including Retirement period

Repayment of Bonds shall be carried out in money terms in currency of the Russian Federation by cashless settlement. Bond Owners are not provided the opportunity to choose the form of the bond redemption.

Bonds retirement timing or procedure of determining it:

The face value of Bonds shall be retired in parts on the following dates (hereinafter referred to as the “Dates of retiring a respective part of the Bonds face value of Bonds”):

1. on the 364th (three hundred and sixty-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the first part of the bond face value coincide;
2. on the 546th (five hundred and forty-sixth) day from the starting date of the Bond placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the second part of the bond face value coincide;
3. on the 728th (seven hundred and twenty-eighth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the third part of the bond face value coincide;
4. on the 910th (nine hundred and tenth) day from the starting date of the Bond placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the fourth part of the bond face value coincide;
5. on the 1,274th (one thousand two hundred and seventy-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the fifth part of the bond face value coincide;
6. on the 1,456th (one thousand four hundred and fifty-sixth) day from the starting date of the Bond placement each bond is to be redeemed at the remaining 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the last part of the bond face value coincide.

The dates (procedure for setting the dates) as of which the lists of Bonds Holders are made up for the purpose of their retirement:

Retirement of the appropriate part of the Bonds face value is effected in favor of Bond Owners who are such Owners as of the end of Depository's operation day preceding the fourth day before the day of the retirement of the appropriate part of the Bonds' face value (hereinafter referred to as the Date of Making up the List of Bond Holders

for Retirement of a Part of the Bonds' Face Value).

If the owner's title to the Bonds are taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is authorized to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the nominal holder of the Bonds.

If the owner's title to the Bonds are not taken into account by the nominal holder of the Bonds or the nominal holder of the Bonds is not authorized by the owner to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- 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 individuals) and postal address of the Bond Owner including postal code;
- details 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 legal entity – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is an individual:

- 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.

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

- a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;
- c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:
 - No. of the bank account;
 - name of the bank, with which the account is opened;
 - correspondent account of the bank, with which the account is opened;
 - location and mailing address of the bank;
 - bank identification code of the bank, with which the account is opened;
- e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to 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 Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Other terms and the procedure of Bonds retirement:

Bonds are retired in the monetary form in the currency of the Russian Federation using non-cash instruments by wire transfer to the Bond Owners. Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer.

Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.

On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of 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.

Should the Date of Bonds Face Value Partial Retirement 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 day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.

Execution of the obligations under the Bonds in respect of a party included in the List of Bond Holders for Bonds face value partial retirement shall be considered as due and proper also in case of alienation of Bonds after the date on which the above List was made up.

Bond redemption before maturity is not provided for.

Procedure of calculating income paid under each bond.

The aggregate amount of coupon yields charged for each coupon period is considered as the Bond yield. The Bonds have 16 coupon periods.

The coupon yield is charged upon the outstanding part of the face value:

- from the first to the fourth coupon period the outstanding part of the face value amounts to 100% of the face value;
- from the fifth to the sixth coupon period the outstanding part of the face value amounts to 90 % of the face value;
- from the seventh to the eighth coupon period the outstanding part of the face value amounts to 75 % of the face value;
- from the ninth to the tenth coupon period the outstanding part of the face value amounts to 65 % of the face value;
- from the eleventh to the fourteenth coupon period the outstanding part of the face value amounts to 50 % of the face value;
- from the fifteenth to the sixteenth coupon period the outstanding part of the face value amounts to 25 % of the face value.

The interest rate for the fifth, sixth, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth coupons is established at 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Coupon period		Coupon income
Starting date	Expiry date	

1. Coupon: The interest rate of the first coupon is determined by holding an auction among potential buyers of Bonds on the first day of the Bond placement. Procedure and terms of holding the Auction are described in clause 8.3. of the Decision on the bond issue and clause 2.7 of the Offering Circular.

Starting date of the first coupon is the starting date of the bond placement	Expiry date of the first coupon period is the coupon payment date being the 91 st day from the first day of the bond placement.	The amount of payment under the first coupon per Bond is calculated as follows: $K1 = C1 * 1000 * (T1 - T0) / 365 / 100 \%$, where K1- the amount of coupon payment for the 1 st coupon per Bond , rubles; C1 is the interest rate of the first coupon, in per cent per annum; T0 is the starting date of the 1 st coupon period; T1 is the expiry date of the 1 st coupon period. Procedure of disclosing information on the interest rate under the 1 st coupon is described in clause 11 of the Decision on the bond issue.
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2. Coupon: The interest rate for the second coupon is established as equal to the interest rate for the first coupon.

Starting date of the second coupon is the 91 st day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 182 nd day from the first day of the bond placement.	The amount of payment under the second coupon per Bond is calculated as follows: $K2 = C2 * 1000 * (T2 - T1) / 365 / 100 \%$, where K2 - the amount of coupon payment for the 2 nd coupon per Bond , rubles; C2 is the interest rate of the second coupon, in per cent per annum; T1 is the starting date of the 2 nd coupon period; T2 is the expiry date of the 2 nd coupon period.
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3. Coupon: The interest rate for the third coupon is established as equal to the interest rate for the first coupon.

Starting date of the third coupon is the 182 nd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 273 rd day from the first day of the bond placement.	The amount of payment under the third coupon per Bond is calculated as follows: $K3 = C3 * 1000 * (T3 - T2) / 365 / 100 \%$, where K3 - the amount of coupon payment for the third coupon per Bond , rubles; C3 - is the interest rate of the third coupon, in per cent per annum; T2 - is the starting date of the third coupon period; T3 - is the expiry date of the third coupon period.
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4. Coupon: The interest rate for the fourth coupon is established as equal to the interest rate for the first coupon..

Starting date of the fourth coupon is the 273 rd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 364 th day from the first day of the bond placement.	The amount of payment under the fourth coupon per Bond is calculated as follows: $K4 = C4 * 1000 * (T4 - T3) / 365 / 100 \%$, where, K4 - the amount of coupon payment for the fourth coupon per Bond , rubles; C4 - is the interest rate of the fourth coupon, in per cent per annum; T3 - is the starting date of the fourth coupon period; T4 - is the expiry date of the fourth coupon.
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5. Coupon: The interest rate for the fifth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fifth coupon is the 364 th day	Expiry date of the coupon period is	The amount of payment under the fifth coupon per Bond is calculated as follows:
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from the first day of the bond placement.	the coupon payment date being the 455 th day from the first day of the bond placement.	$K5 = C5 * 0,9 * 1000 * (T5 - T4) / 365 / 100 \%$, where, K5 - the amount of coupon payment for the fifth coupon per Bond , rubles: C5 - is the interest rate of the fifth coupon, in per cent per annum; T4 - is the starting date of the fifth coupon period; T5 - is the expiry date of the fifth coupon period.
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6. Coupon: The interest rate for the sixth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixth coupon is the 455 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 546 th day from the first day of the bond placement.	The amount of payment under the sixth coupon per Bond is calculated as follows: $K6 = C6 * 0,9 * 1000 * (T6 - T5) / 365 / 100 \%$, where, K6 - the amount of coupon payment for the sixth coupon per Bond , rubles: C6 - is the interest rate of the sixth coupon, in per cent per annum; T5 - is the starting date of the sixth coupon period; T6 - is the expiry date of the sixth coupon period.
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7. Coupon: The interest rate for the seventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the seventh coupon is the 546 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 637 th day from the first day of the bond placement.	The amount of payment under the seventh coupon per Bond is calculated as follows: $K7 = C7 * 0,75 * 1000 * (T7 - T6) / 365 / 100 \%$, where, K7 - the amount of coupon payment for the seventh coupon per Bond , rubles: C7 - is the interest rate of the seventh coupon, in per cent per annum; T6 - is the starting date of the seventh coupon; T7 - is the expiry date of the seventh coupon period.
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8. Coupon: The interest rate for the eighth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the eighth coupon is the 637 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 728 th day from the first day of the bond placement.	The amount of payment under the eighth coupon per Bond is calculated as follows: $K8 = C8 * 0,75 * 1000 * (T8 - T7) / 365 / 100 \%$, where, K8 - the amount of coupon payment for the eighth coupon per Bond , rubles: C8 - is the interest rate of the eighth coupon, in per cent per annum; T7 - is the starting date of the eighth coupon period; T8 - is the expiry date of the eighth coupon period.
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9. Coupon: The interest rate for the ninth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the ninth coupon is the 728 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 819 th day from the first day of the bond placement.	The amount of payment under the ninth coupon per Bond is calculated as follows: $K9 = C9 * 0,65 * 1000 * (T9 - T8) / 365 / 100 \%$, where, K9 - the amount of coupon payment for the ninth coupon per Bond , rubles: C9 - is the interest rate of the ninth coupon, in per cent per annum; T8 - is the starting date of the ninth coupon period; T9 - is the expiry date of the ninth coupon period.
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10. Coupon: The interest rate for the tenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

face value..

Starting date of the tenth coupon is the 819 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 910 th day from the first day of the bond placement.	The amount of payment under the tenth coupon per Bond is calculated as follows: $K_{10} = C_{10} * 0,65 * 1000 * (T_{10} - T_9) / 365 / 100 \%$, where, K ₁₀ - the amount of coupon payment for the tenth coupon per Bond , rubles: C ₁₀ - is the interest rate of the tenth coupon, in per cent per annum T ₉ - is the starting date of the tenth coupon period; T ₁₀ - is the expiry date of the tenth coupon period.
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11. Coupon: The interest rate for the eleventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the eleventh coupon is the 910 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,001 st day from the first day of the bond placement.	The amount of payment under the eleventh coupon per Bond is calculated as follows: $K_{11} = C_{11} * 0,5 * 1000 * (T_{11} - T_{10}) / 365 / 100 \%$, where, K ₁₁ - the amount of coupon payment for the eleventh coupon per Bond , rubles: C ₁₁ - is the interest rate of the eleventh coupon, in per cent per annum; T ₁₀ - is the starting date of the eleventh coupon period; T ₁₁ - is the expiry date of the eleventh coupon period.
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12 Coupon: The interest rate for the twelfth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value..

Starting date of the twelfth coupon is the 1001 st day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,092 nd day from the first day of the bond placement.	The amount of payment under the twelfth coupon per Bond is calculated as follows: $K_{12} = C_{12} * 0,5 * 1000 * (T_{12} - T_{11}) / 365 / 100 \%$, where, K ₁₂ - the amount of coupon payment for the twelfth coupon per Bond , rubles: T ₁₁ - is the starting date of the twelfth coupon period; T ₁₂ - is the expiry date of the twelfth coupon period.
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13. Coupon: The interest rate for the thirteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the thirteenth coupon is the 1,092 nd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,183 rd day from the first day of the bond placement.	The amount of payment under the thirteenth coupon per Bond is calculated as follows: $K_{13} = C_{13} * 0,5 * 1000 * (T_{13} - T_{12}) / 365 / 100 \%$, where, K ₁₃ - the amount of coupon payment for the thirteenth coupon per Bond , rubles: C ₁₃ - is the interest rate of the thirteenth coupon, in per cent per annum T ₁₂ - is the starting date of the thirteenth coupon period; T ₁₃ - is the expiry date of the thirteenth coupon period
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14. Coupon: The interest rate for the fourteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fourteenth coupon is the 1,183 rd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,274 th	The amount of payment under the fourteenth coupon per Bond is calculated as follows: $K_{14} = C_{14} * 0,5 * 1000 * (T_{14} - T_{13}) / 365 / 100 \%$, where, K ₁₄ - the amount of coupon payment for the fourteenth coupon per
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	day from the first day of the bond placement.	Bond , rubles: C14 - is the interest rate of the fourteenth coupon, in percent per annum; T13 - is the starting date of the fourteenth coupon period; T14 - is the expiry date of the fourteenth coupon period.
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15. Coupon: The interest rate for the fifteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fifteenth coupon is the 1,274 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,365 th day from the first day of the bond placement.	The amount of payment under the fifteenth coupon per Bond is calculated as follows: $K15 = C15 * 0,25 * 1000 * (T15 - T14) / 365 / 100 \%$, where, K15 - the amount of coupon payment for the fifteenth coupon per Bond , rubles: C15 - is the interest rate of the fifteenth coupon, in percent per annum; T14 - is the starting date of the fifteenth coupon period; T15 - is the expiry date of the fifteenth coupon period.
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16. Coupon: The interest rate for the sixteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixteenth coupon is the 1,365 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,456 th day from the first day of the bond placement.	The amount of payment under the sixteenth coupon per Bond is calculated as follows: $K16 = C16 * 0,25 * 1000 * (T16 - T15) / 365 / 100 \%$, where, K16 - the amount of coupon payment for the sixteenth coupon per Bond , rubles: C16 - is the interest rate of the sixteenth coupon, in per cent per annum T15 - is the starting date of the sixteenth coupon period; T16 - is the expiry date of the sixteenth coupon period.
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The amount of payment for each coupon is determined accurate to one kopeck (with mathematical rounding off). In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.

Procedure and time of Bond Yield Payment, including the Procedure and time of Coupon Yield Payment.

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		

1 Coupon

Starting date of the bond placement	91 st day from the starting date of the bond placement	On the 91 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
The procedure of the coupon (interest) yield payment:			

Payment of the Bond yield is effected in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to Bond Owners and/or Bond Holders authorized to receive appropriate amounts from the Bond yield payment in favor of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may, but is not obliged to authorize the Bond holder who is a depositor of the Depository to receive amounts from the Bond yield payment. If the owner of Bonds has not authorized a Depository's depositor to receive money from the yield on the Bonds in his/her favor, the yield on the Bonds shall be paid directly to the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- 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 individuals) and postal address of the Bond Owner including postal code;
- details 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 legal entity – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is an individual:

- 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.

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

- a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;
- c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:
 - No. of the bank account;
 - name of the bank, with which the account is opened;

- correspondent account of the bank, with which the account is opened;
- location and mailing address of the bank;
- bank identification code of the bank, with which the account is opened;
- e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to 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 Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

2 Coupon

91 st day from the starting date of the bond placement	182 nd day from the starting date of the bond placement	On the 182 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the second coupon income payment is the same as that of the first coupon income payment.			

3 Coupon

182 nd day from the starting date of the bond placement	273 rd day from the starting date of the bond placement	On the 273 rd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the third coupon income payment is the same as that of the first coupon income payment.			

4. Coupon:

273 rd day from the starting date of the bond placement	364 th day from the starting date of the bond placement	On the 364 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.			

5 Coupon

364 th day from the starting date of the bond placement	455 th day from the starting date of the bond placement	On the 455 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6 Coupon

455 th day from the starting date	546 th day from the starting date of the	On the 546 th day from the	Payment of the coupon income on bonds are made for the benefit of Bond Owners being
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of the bond placement	bond placement	starting date of the bond placement	those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the sixth coupon income payment is the same as that of the first coupon income payment.			

7 Coupon

546 th day from the starting date of the bond placement	637 th day from the starting date of the bond placement	On the 637 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the seventh coupon income payment is the same as that of the first coupon income payment.			

8 Coupon

637 th day from the starting date of the bond placement	728 th day from the starting date of the bond placement	On the 728 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the eighth coupon income payment is the same as that of the first coupon income payment.			

9 Coupon

728 th day from the starting date of the bond placement	819 th day from the starting date of the bond placement	On the 819 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the ninth coupon income payment is the same as that of the first coupon income payment.			

10 Coupon

819 th day from the starting date of the bond placement	910 th day from the starting date of the bond placement	On the 910 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the tenth coupon income payment is the same as that of the first coupon income payment.			

11 Coupon

910 th day from the starting date of the bond placement	1,001 st day from the starting date of the bond placement	On the 1,001 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the eleventh coupon income payment is the same as that of the first coupon income payment.			

12 Coupon

1,001 st day from the starting date of the bond placement	1,092 nd day from the starting date of the bond placement	On the 1,092 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the twelfth coupon income payment is the same as that of the first coupon income payment.			

13 Coupon

1,092 nd day from the starting date of the bond	1,183 rd day from the starting date of the bond placement	On the 1,183 rd day from the starting date of	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the
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placement		the bond placement	Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the thirteenth coupon income payment is the same as that of the first coupon income payment.			

14 Coupon

1,183 rd day from the starting date of the bond placement	1,274 th day from the starting date of the bond placement	On the 1,274 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fourteenth coupon income payment is the same as that of the first coupon income payment.			

15 Coupon

1,274 th day from the starting date of the bond placement	1,365 th day from the starting date of the bond placement	On the 1,365 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fifteenth coupon income payment is the same as that of the first coupon income payment.			

16 Coupon

1,365 th day from the starting date of the bond placement	1,456 th day from the starting date of the bond placement	On the 1,456 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the sixteenth coupon income payment is the same as that of the first coupon income payment.			

Data on the Bonds' acquisition

- 1. The Issuer's obligations to buy the Bonds on demand of the Bond owner (owners), such Bonds being available for further circulation: *not provided for***
- 2. The possibility of the Bonds acquisition by the Issuer under the agreement with the Bonds owner (owners), such Bonds being available for further circulation until the repayment deadline**

The Decision on securities issue provides for the possibility of the Bonds acquisition by the Issuer under the agreement with their owner (owners), such Bonds being available for further circulation until the repayment deadline (the repayment date of the last (sixth) part of the Bonds face value).

The Decision on the Bonds acquisition shall be taken by the Issuer's authorized body. The price, at which the Issuer undertakes to acquire the Bonds issued by it upon agreement with their owners, and the Bonds acquisition timing, shall be stated (determined) in the decision on acquisition. The time of Bonds acquisition cannot be earlier than the date of the state registration of the report on the results of the securities issue.

Based on such a decision on acquisition, the Issuer shall publish an irrevocable offer of the acquisition of its Bonds, which shall set forth the procedure of Bonds acquisition upon agreement with their Owners.

If a transaction or several transactions of acquisition of its Bonds by the Issuer upon agreement with their owners are considered as major transactions or related-party transactions, such transactions shall be approved in compliance with the RF legislation.

Later, the Bonds bought by the Issuer may circulate again in the secondary market (provided the Issuer observes the requirements of the legislation of the Russian Federation).

Procedure of Issuer's Disclosing Information on Bonds acquisition:

Information on Issuer's decision to acquire Bonds upon agreement with their Owners in case the Issuer takes such a decision (Public irrevocable offer) shall be published within 5 (five) days from the date the Issuer takes the respective decision, but not later than 7 (seven) days before the period of Bonds acquisition as follows:

- on the news tape;

- on the web page;
- in the newspaper "Rossiyskaya gazeta".

The notice shall also be published in the Annex to the Herald of the Federal Service for Financial Markets of Russia (Prilozheniye k Vestniku FSFR Rossii).

The notice shall contain the following information:

- date of taking the decision on acquisition of the Bonds;
- identification characteristics of Bonds, state registration No. and date of the state registration of the Bonds issue;
- number of Bonds acquired;
- starting date of issued Bonds acquisition by the Issuer;
- final date of issued Bonds acquisition by the Issuer;
- price of issued Bonds acquisition or the procedure of determining it;
- procedure of Bonds acquisition, including the period of submitting applications for acquisition and the payment deadline;
- payment form and period.

Should the Bond Owners accept the Issuer's offer to acquire Bonds with respect to larger amount of Bonds that was indicated in such offer, the Issuer shall acquire the Bonds from Owners of Bonds in proportion to the demands presented by them, provided that only whole Bonds can be acquired.