

## QUATERLY REPORT

Open Joint Stock Company "VolgaTelecom"

The issuer's code: 

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For quarter III of 2005

*The issuer's location: Russian Federation, 603000,  
Nizhny Novgorod city, M.Gorky square, Dom Svyazi*

The information  
contained in this quarterly report is subject to disclosure in  
accordance with Russian Federation legislation on securities

Acting General Director	_____	/ M.V. Dyakonov /
	signature	Name
Date November 14,2005		
Chief accountant	_____	/ N.I.Popkov /
	signature	Name
Date November 14,2005		
	LS	

Contact person: Leading expert in securities  
Mrs. Mironova Elena Petrovna

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The address of Internet web-site(s) where the information contained in this  
quarterly report is disclosed: <http://www.vt.ru/?id=312>

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## Introduction

**a) Full and abbreviated brand name of the issuer:**

Full brand name of the issuer:

***Open Joint Stock Company “VolgaTelecom”***

Full brand name of the issuer in English:

***Open Joint Stock Company “VolgaTelecom”***

Abbreviated brand name of the issuer: ***OJSC “VolgaTelecom”***

Abbreviated brand name of the issuer in English:

***OJSC “VolgaTelecom”***

**b) The issuer’s location:**

***Russian Federation, 603000, Nizhny Novgorod city, M.Gorky sq., Dom Svyazi***

**c) The issuer’s contact telephone numbers and e-mail address**

Phone: ***(831 2) 33 20 47; 34 30 55***

Fax: ***(831 2) 30 67 68***

E-mail address: **[gd@vt.ru](mailto:gd@vt.ru)**

**d) The address of the web site in the Internet where the complete text of the issuer’s quarterly report is published:**

**<http://www.vt.ru/?id=312>**

**e) Basic data on the issuer’s circulating securities:**

1. Type of securities: ***shares***

Category (kind): *ordinary*  
Number of placed securities: *245 969 590*  
Face value of one valuable paper: *5 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *distribution between the stockholders*  
Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 15.10.1996 to 15.10.1996.*

**Method and period of placement:**

Method of placement: *conversion at reorganization*  
Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 30.11.2002 to 30.11.2002*

*By instruction № 03 – 2697/p of 14.11.2003 of Russia’s FCSM additional issues of the issuer’s issuing securities were consolidated, which resulted in the assignment to the issues of ordinary nominal paperless shares of state registration number 1 – 01 – 00137 – A of November 14, 2003.*

2. Type of securities: *shares*  
Category (kind): *preferred A type*  
Number of placed securities: *81 983 404*  
Face value of one valuable paper: *5 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *distribution between the stockholders*  
Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 15.10.1996 to 15.10.1996.*

**Method and period of placement:**

Method of placement: *conversion at reorganization*  
Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 30.11.2002 to 30.11.2002*

*By instruction № 03 – 2697/p of 14.11.2003 of Russia’s FCSM additional issues of the issuer’s issuing securities were consolidated, which resulted in the assignment to the issues of preferred nominal, paperless shares of state registration number 2 – 01 – 00137 – A of November 14, 2003.*

3. Type of securities: *bonds*  
Series: *BT - 1*  
Number of placed securities: *1 000 000*  
Face value of one valuable paper: *1 000 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *public offering*

Period of placement (effective date, end date of the placement or the procedure of their determination): *from 21.02.2003 to 21.02.2003*

The price of placement or the procedure of its determination: *1 000 Rubles.*

Terms and conditions of the security: *The amount of security is 1 000 000 000 (One billion) rubles, and also the sum of all incomes on the Bonds paid by the Issuer.*

*The guarantor is obliged to be responsible for the execution of the Issuer's liabilities to pay the sum of the face value of all issued bonds, the joint coupon yield determined in accordance with the conditions of decision on placement and prospectus of bonds issue, and also for public irrevocable liabilities (offers) of the issuer to repurchase its bonds, the conditions and the procedure of which are defined in item 9 of "Decision on the bonds issue" and item 56.13 of "Issue Prospectus".*

Security kind: *Guarantee*

The entity that provided the security:

*Limited Liability Company "Financial group "Web-invest"*

4. Type of securities: *bonds*

Series: *1 - C*

The quantity of placed securities: *143 440*

The face value of one valuable paper: *100 rubles*

5. Type of securities: *bonds*

Series: *2 - C*

The quantity of placed securities: *6 218*

The face value of one valuable paper: *3 000 rubles*

6. Type of securities: *bonds*

Series: *3 - C*

The quantity of placed securities: *3 229*

The face value of one valuable paper: *2 000 rubles*

7. Type of securities: *bonds*

Series: *4 - C*

The quantity of placed securities: *5 967*

The face value of one valuable paper: *2 500 rubles*

8. Type of securities: *bonds*

Series: *5 - C*

The quantity of placed securities: *800*

The face value of one valuable paper: *rubles*

9. Type of securities: *bonds*

Series: *6 - C*



The quantity of placed securities: **1 499**  
The face value of one valuable paper: **1 400 rubles**

10. Type of securities: **bonds**  
Series: **1 - Y**  
The quantity of placed securities: **18 246**  
The face value of one valuable paper: **100 rubles**

11. Type of securities: **bonds**  
Series: **2 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

12. Type of securities: **bonds**  
Series: **3 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

13. Type of securities: **bonds**  
Series: **4 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

14. Type of securities: **bonds**  
Series: **5 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

15. Type of securities: **bonds**  
Series: **6 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

16. Type of securities: **bonds**  
Series: **7 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

17. Type of securities: **bonds**  
Series: **8 - Y**  
The quantity of placed securities: **500**  
The face value of one valuable paper: **2 000 rubles**

18. Type of securities: **bonds**  
Series: **9 - Y**  
The quantity of placed securities: **500**

The face value of one valuable paper: **2 000 rubles**

19. Type of securities: **bonds**

Series: **10 - Y**

The quantity of placed securities: **500**

The face value of one valuable paper: **2 000 rubles**

**Other information:**

Series: **1-C -- 6-C; 1-Y -- 10-Y; 1-O -- 26-O**

**Series 1-C -- 6-C - bonds of Saratov branch**

**Series 1-Y -- 10-Y - bonds of Ulyanovsk branch**

**Series 1-O -- 26-O - bonds of Orenburg branch**

**Series 1-O -- 26-O - were paid off.**

**Method and period of placement:**

Method of placement: **conversion at reorganization**

Period of placement (effective date, end date of the placement or the procedure of their determination):

**From 30.11.2002 to 30.11.2002**

Terms and conditions of the security: **no security**

Total quantity of the issuer's securities - bonds: **1 183 899 pieces**

Total amount in face value of the issuer's securities - bonds:

**1 067 856 700 rubles**

Basic information about the securities being placed:

**In the reporting period the issue did not place the securities.**

***The present quarterly report contains the estimations and forecasts of the issuer's authorized management bodies as regards future events and/or actions, prospects of development of the industry in which the issuer executes its core activity and the results of the issuer's activity, including the issuer's plans, probability of occurrence of certain events and making certain actions. The investors should not completely rely on the estimations and forecasts of the issuer's management bodies, as the actual results of the issuer's activity in the future may differ from the forecasted results for many reasons. The acquisition of the issuer's securities is connected with the risks described in the present quarterly report.***

**I. Brief data on persons forming the issuer's management bodies structure, data on bank accounts, on auditor, appraiser and on the issuer's financial adviser, and also on other persons who signed the quarterly report**

**1.1. Persons, forming the issuer's management bodies structure**

1.1.1. The issuer's collegial management body: **the Board of directors**

**Personal structure of the issuer's Board of directors:**

Chairman: *Belyaev Konstantin Vladimirovich*

Year of birth: *1968*

Member of the Board of directors:

*Andreev Vladimir Alexandrovich*

Year of birth: *1951*

*Bobin Maxim Victorovich*

Year of birth: *1975*

*Bulancha Sergey Anatolievich*

Year of birth: *1959*

*Grigorieva Alla Borisovna*

Year of birth: *1967*

*Degtyarev Valeryi Victorovich*

Year of birth: *1957*

*Kuznetsov Sergey Ivanovich*

Year of birth: *1953*

*Kulikov Denis Victorovich*

Year of birth: *1975*

*Slizen Vitalyi Alexandrovich*

Year of birth: *1970*

*Fedorov Oleg Romanovich*

Year of birth: *1968*

*Chernogorodskiy Sergey Valerievich*

Year of birth: **1977**

1.1.2. The issuer's collegial executive body: **Management board**

**Personal structure of the issuer's Management board:**

Chairman of the Management board: ***Omelchenko Sergey Valerievich***

Year of birth: **1963**

Members of the Management board:

***Ganeeva Alla Albertovna***

Year of birth: **1951**

***Grigorieva Lyubov Ivanovna***

Year of birth: **1953**

***Dyakonov Mikhail Vasilievich***

Year of birth: **1954**

***Kirillov Alexander Ivanovich***

Year of birth: **1956**

***Kormilitsyna Lyudmila Alexeevna***

Year of birth: **1955**

***Pozdnyakov Denis Vyacheslavovich***

Year of birth: **1976**

***Popkov Nikolai Ivanovich***

Year of birth: **1973**

***Sipatova Taisiya Mikhailovna***

Year of birth: **1954**

1.1.3. The issuer's single executive body: **General Director**

**The person who holds the post of the issuer's single executive body:**

***Omelchenko Sergey Valerievich***

Year of birth: **1963**

## **1.2 Data on the issuer's bank accounts**

The data are provided in regard to at least 10 settlement and other accounts of the issuer that are considered by the issuer to be its LG accounts.



**The list of accounts of OJSC “VolgaTelecom” General directorate**

<b>№</b>	<b>Account number</b>	<b>TIN</b>	<b>Bank</b>	<b>BIC</b>	<b>Corresponding account №</b>	<b>The bank’s department where the account is established. Location.</b>	<b>Currency</b>	<b>Account category</b>
1	40702810142020002011	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Expense
2	40702810442020001796	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Receipts
3	40702810642020400003	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Expense
4	40702978342020000276	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	EUR	Current, currency
5	40702978142020200276	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	EUR	Transit
6	40702840742020000276	7707083893	Branch of RF Joint Stock Commercial Savings bank (open joint stock company) Volgo-Vyatskiy bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	USD	Current, currency
7	40702840800010369714	7710030411	Closed Joint Stock Company “International Moscow Bank”, CJSC “International Moscow Bank”	44525545	30101810300000000545	Representation office of CJSC “International Moscow Bank” in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	USD	Current, currency
8	40702810200010369713	7710030411	Closed Joint Stock Company “International Moscow Bank”, CJSC “International Moscow Bank”	44525545	30101810300000000545	Representation office of CJSC “International Moscow Bank” in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	RUR	Expense

9	40702840100010369715	7710030411	Closed Joint Stock Company "International Moscow Bank", CJSC "International Moscow Bank"	44525545	30101810300000000545	Representation office of CJSC "International Moscow Bank" in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	USD	Transit
10	40702810800000001352	7744001497	Joint stock bank of gas industry "GAZPROMBANK" (closed joint stock company), Branch of Joint Stock Bank "Gazprombank" (CJSC)	42202764	30101810700000000764	Branch of Joint Stock Bank "Gazprombank" (CJSC) in Nizhny Novgorod city, 603005, Piskunov str., 3/5	RUR	Expense
11	40702810500010002376	7728168971	Open Joint Stock Company "Alfa-Bank", OJSC "Alfa-Bank"	42202824	30101810200000000824	Nizhny Novgorod branch of OJSC "Alfa-Bank", 603005, Piskunov str., 45	RUR	Expense
12	40702840224000011872	7702070139	Branch of Bank of foreign trade (open joint stock company) "Vneshtorgbank" in Nizhny Novgorod city, Branch of OJSC Vneshtorgbank in Nizhny Novgorod city	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	USD	Current, currency
13	40702978824000011872	7702070139	Branch of Bank of foreign trade (open joint stock company) "Vneshtorgbank" in Nizhny Novgorod city, Branch of OJSC Vneshtorgbank in Nizhny Novgorod city	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	EUR	Current, currency
14	40702810924000011872	7702070139	Branch of Bank of foreign trade (open joint stock company) "Vneshtorgbank" in Nizhny Novgorod city, Branch of OJSC Vneshtorgbank in Nizhny Novgorod city	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	RUR	Receipts





### 1.3. Data on the issuer's auditor (auditors)

Full brand name:

**Limited Liability Company "Ernst&Young Vneshaudit"**

Abbreviated brand name: **LLC "Ernst&Young Vneshaudit"**

Location: **115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1**

TIN: **7717025097**

Phone: **(095) 705-97-00** Fax: **(095) 755-97-01**

E-mail address: [moscow@ru.eyi.com](mailto:moscow@ru.eyi.com)

Data on the auditor's license:

License number: **E003246**

Date of issue: **17.01.2003**

Validity term: **Till 17.01.2008**

The body that issued the license: **Russian Federation Ministry of Finance**

Fiscal year for which the auditor carried out independent check of bookkeeping and financial (accounting) statement of the issuer: **2002, 2003, 2004.**

The factors that may affect the independence of the auditor from the issuer: **There are such factors**

The information on availability of material interest connecting the auditor (the auditor's officials) with the issuer (the issuer's officials):

Availability of the auditor's participation shares (the auditor's officials) in the issuer's charter capital: **none.**

Provision of borrowings to the auditor (the auditor's officials) by the issuer: **none.**

Availability of close business relations and also kindred relations: **none.**

Data on the issuer's officials being simultaneously the auditor's officials: **there are no such persons.**

The measures taken by the issuer and the auditor to reduce the influence of the said factors: **Due to the lack of factors that may affect the independence of the auditor from the issuer these measures were not taken. The basic measure being taken by the Issuer to prevent the occurrence of the said factors is the inclusion of provisions of independence of the auditor from the Issuer into terms and conditions of audit services contract.**

The procedure of the issuer's auditor election:

Availability of tender procedure related to the auditor election:

**Starting since 2006 fiscal year the procedure of the auditor election is regulated by "Provision on the procedure of holding tender of electing an auditor" for obligatory check of accounting bookkeeping and financial reporting of the Issuer. In 2004 and 2005 there was no such procedure.**

The procedure of nominating the auditor's candidacy for the approval by the stockholders meeting:

**The auditor's candidacy is preliminary approved by the issuer's Committee for Audit. Then, the auditor's candidacy is approved by the issuer's Board of directors and is included into the agenda of the annual general meeting of stockholders. The auditor is elected by voting at the annual general meeting of stockholders.**

Information about the activities carried out by the auditor within special audit engagements:

**The auditor carried out the activities under services contracts of audit of bookkeeping and accounting statement; of audit of correctness of preparation of IFRS reports; of audit of IFRS reports of affiliated companies; of audit of calculations of pensionary obligations.**

**In regard to accounting and financial statement for year 2005 there will be conducted the procedures of audit of Russian accounting statement prepared in accordance with the requirements of RF legislation, and also there will be conducted the procedures of audit of the Issuer's consolidated financial statement in accordance with the requirements of International Financial Reporting Standards.**

The procedure of determination of the auditor's fee size: **the size of the fee for the auditor's services is determined by the Company's Board of directors (in accordance with Federal Law "On joint stock companies", Article 65, item 10) and is included into the contract. The size of the fee is calculated on the basis of hourly rates of the adviser's employees depending on the employees'**

*category and time spent by the employees to render these services.*

Information about availability or lack of deferred and delayed payments for the services rendered by the auditor: ***There are no deferred and delayed payments for the services rendered by the auditor.***

#### **1.4. Data on the issuer's appraiser**

In regard to the appraiser (appraisers) being involved (involved) by the issuer:

***During the reporting quarter the issuer did not involve the appraiser to determine the market price of placed securities in circulation.***

***In quarter 3 of 2005 OJSC "VolgaTelecom" did not involve the appraiser to determine the market price of fixed assets or real property assets, during the specified period the property cost was not reassessed.***

Data on the appraiser involved in reassessment of fixed assets of the issuer for the last 5 accomplished fiscal years:

***The reassessment of fixed assets in OJSC "VolgaTelecom" was carried out in 2000 by the independent appraiser LLC "Audit-Appraisal", Nizhny Novgorod city, acting on the basis of license Б 953444 № 183, issued by the Committee for management and control of city's property of Nizhny Novgorod Oblast on June 18, 1999 for the period of 3 (three) years. The fixed assets were evaluated by the market price, determined according to Federal law № 135-Ф3 of July 29, 1998 "On evaluative activity in Russian Federation", confirmed by expert's opinions, the estimation procedure – the calculation of fixed assets replacement costs by means of coefficients.***

#### **1.5. Data on the issuer's advisers**

Financial adviser that renders consulting services, related to securities issue, to the issuer on the basis of contract:

Full brand name: ***Closed Joint Stock Company "Investment company AVK"***

Abbreviated brand name: ***CJSC "IC AVK"***

The adviser's location: ***Russia, St.Petersburg, Pushkin town, Uritsky's pavilion, building 1***

The address of the web page in the Internet that is used by the financial adviser to disclose the information about the issuer: ***[www.avk.ru](http://www.avk.ru)***

***The licenses of professional participant of securities market:***

***For brokerage activity***

Number: ***178-03255-100000***

Date of issue: ***29.11.2000***

Validity term: ***without limitation of the validity term***

The body that issued the license: ***Russia's FCSM***

***For dealer's activity***

Number: ***178-03343-010000***

Date of issue: ***29.11.2000***

Validity term: ***without limitation of the validity term***

The body that issued the license: ***Russia's FCSM***

The services being rendered (rendered) by the adviser:

***In accordance with consulting services contract concluded by and between OJSC "VolgaTelecom" and CJSC "IC AVK", the financial adviser renders the following services to the Issuer:***

***1) Preparation of documents required for state registration of bonds issue, including:***

- *Preparation of the texts of resolutions on OJSC “VolgaTelecom” bonds issue for registration with authorized registration body.*
  - *Preparation of the text of OJSC “VolgaTelecom” securities (bonds) prospectus for registration with authorized registration body.*
  - *Preparation of the texts of reports on the results of OJSC “VolgaTelecom” bonds issue for registration with authorized registration body.*
2. *Counseling of OJSC “VolgaTelecom” on the issues related to the adoption by its authorized bodies of all the resolutions required for organization of bonds issues in accordance with Russian Federation legislation and disclosure by the Company of information relative to organization of bonds issues.*
  3. *Counseling of OJSC “VolgaTelecom” on the issues of preparing a package of documents for registration of the resolutions on bonds issue, securities (bonds) prospectus and reports on the results of bonds issue.*
  4. *Signature of OJSC “VolgaTelecom” securities prospectus;*
  5. *Implementation of verification of disclosure by OJSC “VolgaTelecom” of information about adoption of resolution on placement and about the approval of resolution on bonds issue to comply with the requirements of federal laws and regulations of the authorized registration body;*
  6. *Signature of the reports on the results of bonds issue.*

Data on other advisers the disclosure of which, by the issuer’s opinion, is essential for making the decision on acquisition of the issuer’s securities:

*During the reporting period the issuer did not involve such advisers.*

#### **1.6. Data on other persons signed this quarterly report**

*There are no other persons who signed this quarterly report.*

## **II. Basic information on the issuer’s financial-economic standing**

### **2.1. Indicators of the issuer’s financial-economic activity**

Indicators characterizing the issuer’s financial standing:

Indicator description	Accounting treatment	Quarter 3 of year 2004	Quarter 3 of year 2005
The issuer's net assets value, thousand rubles	In accordance with procedure established by Russia's Ministry of Finances and/or federal executive authority for securities market for joint stock companies	14 091 064	15 702 217
Ratio of raised funds sum to capital and reserves, %	(Long-term liabilities as of the end of the reporting period + Short-term liabilities as of the end of the reporting period) / (Capital and reserves as of the end of the reporting period) x 100	87,4	93,5
Ratio of short-term liabilities sum to capital and reserves, %	(Short-term liabilities as of the end of the reporting period) / (Capital and reserves as of the end of the reporting period) x 100	48,7	56,4
Cover of payments for debts service, %	(Net profit for the reporting period + Depreciation charges for the reporting period) / (Liabilities that were due for repayment in the reporting period + interest that was due for payment in the reporting period) x 100	38,5	35,5
Overdue debt level, %	(Overdue debt as of the end of the reporting period) / (Long-term liabilities as of the end of the reporting period + Short-term liabilities as of the end of the reporting period) x 100%	2,4	1,7
Accounts receivable turnover, times	(Proceeds from sale of goods, products, works and services net of VAT, excise duties and similar taxes and compulsory payments) / (Accounts receivable as of the end of the reporting period – Arrears of participants (founders) of contributions to the charter capital as of the end of the reporting period)	6,0	8,5
Dividend payout ratio, %	(Dividends on ordinary shares based on the results of accomplished fiscal year) / (Net profit based on the results of accomplished fiscal year – Dividends on preferred shares based on the results of accomplished fiscal year) x 100	-	-
Efficiency of labor, rubles/persons	(Proceeds) / (Staff on the payroll)	270 694	324 409
Depreciation to the proceeds amount, %	(Depreciation charges) / (Proceeds) x 100	10,5	12,2

*The issuer's net assets value grew by 11,43% or 1 611 million rubles vs. the similar period of the past year.*

*The increase in values of ratio of raised funds sum to capital and reserve, of ratio of short-term liabilities sum to capital and reserves is connected with the growth of short-term liabilities; this growth in its turn is imposed by the need to finance the Company's investment program for 2005 and also by the need to maintain current liquidity.*

*As of 30.09.2005 the portion of raised funds in the issuer's capital and reserves was 93,5%, which is by 6,1% more than in similar period of the past year. This is connected with continuation of the investment program implementation.*

*During 9 months of 2005 the portion of short-term liabilities in the issuer's capital and reserves also grew by 7,7% vs. similar period of the past year and made out 56,4%.*

*The issuer has reasonable leverage and is relatively independent of creditors.*

*Turnover indicators characterize the issuer's business activity, the efficiency of management. That is why when the rate of turnover increases one may speak about the increase of the Company's capacity to pay. A positive moment in operations with current assets is the increase in accounts receivable turnover to 8,5 times vs. 6 times in the past year.*

*The behavior of labor efficiency indicator (growth by 19,84% vs. similar period of the past*

year) testifies to the increase in the Company's operating efficiency.

*Basing on the results of estimation of the Company's financial standing for the periods under analysis OJSC "VolgaTelecom" is the Company with satisfactory financial standing. Upon the whole the Company's capacity to pay and its financial stability are at acceptable level despite negative behavior of some indicators.*

*The Company has fair chances for further development. The implementation of scheduled investment projects will help to achieve more efficient operation of OJSC "VolgaTelecom".*

## 2.2. The issuer's market capitalization

Information about the issuer's market capitalization for the last 5 accomplished fiscal years and as of the end date of the last accomplished reporting period:

**Total market capitalization of OJSC "VolgaTelecom":**

<b>End date of fiscal year/end date of the last accomplished reporting period</b>	<b>Total capitalization, US\$</b>
31.12.2000	124 845 000 *
31.12.2001	83 984 499 **
31.12.2002	372 563 397
31.12.2003	703 247 172
31.12.2004	946 325 261
30.10.2005	1 147 680 350

\* The number of ordinary and preferred shares transactions in the last quarter of 2000 was less than 10, weighted average price and capitalization amount by ordinary and preferred shares are calculated on the basis of bilateral transactions concluded in fact at trading session via NCP "Stock exchange RTS" during quarter IV of 2000.

\*\* The number of preferred shares transactions in the last quarter of 2001 was less than 10, weighted average price and capitalization amount by preferred shares are calculated on the basis of bilateral transactions concluded in fact at trading session via NCP "Stock exchange RTS" during quarter IV of 2001.

*The issuer's shares are allowed for circulation by three organizers of trading at securities market:*

*- Non-commercial partnership "Stock exchange "Russian trading system" (NCP "Stock exchange RTS");*

*- Open Joint Stock Company "Stock exchange Russian trading system" (OJSC "Stock exchange RTS");*

*- Closed Joint Stock Company "Moscow Interbank Currency Exchange" (CJSC "MICEX").*

*NCP "Stock exchange RTS"- the organizer of trading is selected for calculation of weighted average price of a share; the issuer's shares have been circulating there since December 1996.*

Methods of determining the issuer's market capitalization:

*Market capitalization is calculated as the product of shares quantity of the corresponding category (type) by weighted average price of a share of this category (type). Weighted average price of a share is calculated by 10 largest transactions made via the organizer of trading at the securities market in the month preceding the month in which the last report quarter ends or in the last month of each accomplished fiscal year, for which the issuer's market capitalization is indicated.*

*In case, if during the month indicated in this item there were less than 10 transactions made via the organizer of trading at the securities market, then the weighted average price of a share is*

calculated by 10 largest transactions made via the organizer of trading at the securities market during 3 last months preceding the month in which the last report quarter ends, or during 3 last months of each accomplished fiscal year for which the information on the issuer's market capitalization is indicated.

In case, if during 3 months indicated above in the present item there were less than 10 transactions made via the organizer of trading at securities market, then the method of defining the issuer's market capitalization on the basis of calculation of weighted average price of shares allowed for circulation by the organizer of trading at the securities market, by 10 largest transactions, made via trade organizer at the securities market, is not applied.

In case, if during 3 months indicated above in the present item there were less than 10 transactions made via the organizer of trading at securities market, then the issuer's market capitalization is calculated on the basis of weighted average price of shares allowed for circulation by the trade organizer at the securities market, the price being calculated on the basis of bilateral transactions concluded in fact at trading session via the organizer of trading at the securities market during 3 months indicated above in the present item.

In case, if the information on concluded transactions for some reasons may not be presented by the trade organizer at the securities market, the methods of defining the issuer's market capitalization on the basis of calculation of weighted average price of shares, allowed for circulation by the organizer of trading at the securities market, are not applied.

#### Ordinary registered shares:

End date of fiscal year/end date of the last accomplished reporting period	Weighted average price, US\$	Number of shares	Capitalization, US\$	Period of weighted average price calculation
31.12.2000	1,32000 *	87 508 200	115 510 824 *	3 months *
31.12.2001	0,83640	87 508 200	73 191 858	3 months
31.12.2002	1,25144	245 969 590	307 816 184	A month
31.12.2003	2,33161	245 969 590	573 505 156	3 months
31.12.2004	3,12287	245 969 590	768 131 054	A month
30.10.2005	3,78687	245 969 590	931 454 861	A month

#### Preferred registered shares:

End date of fiscal year/end date of the last accomplished reporting period	Weighted average price, US\$	Number of shares	Capitalization, US\$	Period of weighted average price calculation
31.12.2000	0,32000 *	29 169 300	9 334 176 *	3 months *
31.12.2001	0,37000 **	29 169 300	10 792 641 **	3 months **
31.12.2002	0,78976	81 983 404	64 747 213	3 months
31.12.2003	1,58254	81 983 404	129 742 016	A month
31.12.2004	2,17354	81 983 404	178 194 208	A month
31.10.2005	2,63743	81 983 404	216 225 489	A month

\* The number of ordinary and preferred shares transactions in the last quarter of 2000 was less than 10, weighted average price and capitalization amount by ordinary and preferred shares are calculated on the basis of bilateral transactions concluded in fact at trading session via NCP "Stock exchange RTS" during quarter IV of 2000.

\*\* The number of preferred shares transactions in the last quarter of 2001 was less than 10, weighted average price and capitalization amount by preferred shares are calculated on the basis of bilateral transactions concluded in fact at trading session via NCP "Stock exchange RTS" during quarter IV of 2001.

#### Note:

The data are calculated on the basis of bilateral transactions made during trading session at

*Stock exchange RTS. The information about addressee-free transactions was used to prepare the data as of December 31, 2003.*

## 2.3. The issuer's liabilities

### 2.3.1. Accounts payable

Behavior of OJSC "VolgaTelecom" accounts payable:

Indicator description	Quarter 3 of 2004	Quarter 3 of 2005
Total amount of accounts payable, thousand rubles*	11 911 655	14 233 863
Total amount of overdue accounts payable, thousand rubles	287 686	240 696

\* The funds in lines 590 "Total for section Long-term liabilities" and 690 "Total for section Short-term liabilities" minus line 640 "Deferred revenue" of accounting balance-sheet are shown.

*The issuer's overdue accounts payable consists of debt obligations to Vnesheconombank № 63-1-1-27 of 21.03.1995, № 55 -1-1-27 of 21.03.1995, № 61-1-1-27 of 21.03.1995, № 60 -1-1-27 of 21.03.1995, № 54 -1-1-27 of 21.03.1995, № 50-1-1-27 of 21.03.1995, № 216-1-1-27 of 10.07.1997, № 218-1-1-27 of 10.07.1997, № 153-1-1-27 of 02.12.1996.*

*The reason of default on obligations is default of year 1998.*

*Activities are carried out to repay the principal debt and to restructure the overdue portion with writing-off of penalty rates in accordance with article 104 of Federal Law №173 "On federal budget for 2005" of 23.12.2004.*

*In accordance with adopted program of the debt overdue portion management the budget of 2005 stipulates mandatory quarterly repayment of 1/8 share of overdue debt during the period of repayment of the principal debt.*

*The period of repayment of overdue accounts payable is to 2007 inclusive.*

*The issuer's credit policy is aimed at the increase of share of long-term obligations in the total amount of the Company's accounts payable.*

*The advantages of long-term crediting:*

- *Low rate to raise funds;*
- *Debt load is distributed for a longer period;*
- *Wider capabilities to manage the debt portfolio in order to increase the debts' liquidity and to minimize the costs to raise borrowed funds;*
- *Conducting the operations with own debt securities allows for flexible management of arrears.*

The structure of OJSC "VolgaTelecom" accounts payable, the date of obligations performance for quarter 3 of 2005:

Accounts payable description	Payment occurrence date	
	Up to a year	Over a year
Accounts payable to the suppliers and contractors, thousand rubles	2 171 094	
Including overdue accounts payable, thousand rubles		X
Accounts payable to the Company's personnel, thousand rubles	253 374	
Including overdue accounts payable, thousand		X

rubles		
Accounts payable to the budget and extrabudgetary funds, thousand rubles	371 733	
Including overdue accounts payable, thousand rubles		X
Credits, thousand rubles	1 967 531	4 004 050
Including overdue, thousand rubles		X
Loans total, thousand rubles	2 301 647	117 100
Including overdue, thousand rubles	240 696	X
Including bonded loans, thousand rubles	1 000 000	
Including overdue bonded loans, thousand rubles		
Other accounts payable, thousand rubles*	1 439 328	1 608 005
Including overdue, thousand rubles		
Total, thousand rubles	8 504 708	5 729 155
Including total overdue, thousand rubles	240 696	X

\* Exclusive of deferred revenue.

The creditors whose share as of 30.09.2005 in the Issuer's total amount of accounts payable is at least 10%:

Full and abbreviated brand names (for non-commercial organization – the name):

**Joint Stock Commercial Savings bank of Russian Federation (open joint stock company),  
Volgo-Vyatskiy bank of Russia's Savings bank, OJSC**

Location: **117997, Moscow, Vavilov str., 19**

Mail address: **603005, Nizhny Novgorod city, Oktyabrskaya str., 35**

Accounts payable amount: **4 448 321 thousand rubles**

Terms and conditions of overdue accounts payable (interest rate, punitive penalties, late payment interest): **the arrears is not overdue.**

**The Lender is not the Issuer's affiliated entity.**

### 2.3.2. The issuer's credit background

Credit agreements and loan contracts, the amount of principal debt under which is 5 and more percent of the issuer's assets book value as of 01.10.2005 and for the last 5 accomplished fiscal years:

Liability description	Creditor (debt holder) name	The amount of principal debt, thousand rubles/foreign currency	Term of credit (loan) / repayment date	Availability of days in arrears of obligation performance as related to principal debt amount repayment and/or fixed interest, overdue time period, days
<b>2000</b>				
In 2000 the specified credit contracts and (or) loans were not concluded				
<b>2001</b>				
In 2001 the specified credit contracts and (or) loans were not concluded				
<b>2002</b>				
In 2002 the specified credit contracts and (or) loans were not concluded				
<b>2003</b>				



Bonded loan	Legal entities and natural persons	1 000 000 thousand rubles	21.02.06	none
<b>2004</b>				
Credit line	RF Savings bank	1 480 000 thousand rubles	09.06.09	none
<b>9 months of 2005</b>				
In 2005 the specified credit contracts and (or) loans were not concluded				

### 2.3.3. The issuer's liabilities from the guarantee provided to third parties

Total amount of the issuer's liabilities from the guarantee provided by it and the total amount of liabilities of third parties under which the issuer provided the guarantee to these third parties, including in the form pledge or guarantee.

	Quarter 3 of 2005
Total amount of the Issuer's liabilities from the guarantee provided by it, thousand rubles:	6 794 101
including	
in the form of pledge, thousand rubles	5 402 840
in the form of guarantee, thousand rubles	1 391 261
Total amount of third parties liabilities under which the Issuer provided the guarantee to third parties, thousand rubles	1 391 261
Including in the form of pledge, thousand rubles	-
In the form of guarantee, thousand rubles	1 391 261

The information on each of the issuer's liabilities from the guarantee provided in the reporting quarter to third parties, including in the form of pledge or guarantee, making up at least 5 percent of the issuer's balance-sheet assets value for the reporting period:

*The issuer did not have such liabilities in quarter 3 of 2005.*

### 2.3.4. The issuer's other liabilities

*There are no Issuer's agreements, including time transactions, not shown in the accounting balance-sheet which may materially affect the Issuer's financial standing, its liquidity, sources of finance and terms of their application, results of activity and expenses.*

## 2.4. The purposes of the emission and the trends of usage of resources obtained from the issuing securities placement

*In the reporting period there was no securities emission.*

*There were no funds received in the reporting period from issuing securities which had been placed earlier by the issuer.*

## 2.5. Risks related to the acquisition of being placed (placed) issuing securities

*The results of the issuer's activity are affected by a number of factors that the Company is not capable to control completely. Although many of such factors are macroeconomical and affect all the companies upon the whole, some aspects of business may be especially "sensitive" to certain risk factors. This list is not an exhaustive list of risk factors affecting business. There is also a number of factors that at present seem to be insignificant, but subsequently they may materially affect the company's activity. All these may unfavorably affect the results of the company's activity, its trade turnover, profit, assets, liquidity and capital.*

### 2.5.1. Industry risks

The impact of potential deterioration of situation in the issuer's industry on its activity and performance of liabilities on securities. The most important changes in the industry.

*The competition level in the telecom sector of the Volga Federal district economy is steadily growing.*

*The toughening of competition with alternative operators in all the branches of OJSC "VolgaTelecom" is observed in the sphere of new services and long-distance communication, despite the fact that the Company is still the leader in wire communication. The risk of reduction in income from long-distance communication due to the termination of traffic via IP-channels of alternative operators by the carriers connected to OJSC "VolgaTelecom" is increasing. The weakening of market positions of services in the area of fixed line telephone communication occurs because of the growth of cellular communication services market.*

*The Company's activity may be negatively affected by malfunctions of networks and systems. Any serious breakdown or failure of data transfer by the reasons which are out of the Company's control may negatively affect the Company's activity and its financial performances. OJSC "VolgaTelecom" is continuously improving its strategy to overcome the consequences of the events of such kind.*

The risks related to the potential change of the cost of raw materials and services.

*There are also risk related to the increase of the cost of equipment, electric power and other services (products) that are required for the Company's operation.*

*On the one hand it will result in the increase of products (services) prime cost and on the other hand when the issuer operates in high competitive environment it may result in the reduction of prices for rendered services which may considerably reduce the Company's profit.*

### 2.5.2. Country and regional risks

The risks related to political and economic situation in the country (countries) and in the region where the issuer is registered as a taxpayer and/or carries out core activity provided that the issuer's core activity in this country (region) brings 10 and more percent of income for the last accomplished reporting period preceding the end date of the last reporting quarter:

*Government regulation of telecom industry brings in to the Company's activity risks and uncertainty common for all inter-regional companies; these risks and uncertainty being connected with the change of tariffs and reduction of volumes of cross-subsidy.*

*The economic situation in the regions and the relations with authorities of Russian Federation subjects and with local authorities of actually all the regions are developing positively, which influences favorably the Company's activity and its capacity to perform its liabilities.*

*In future, the reasons of the situation destabilization may be:*

1) *Interference of the government regulatory bodies into Inter-Regional Company's activity. The Company is strengthening objectively its positions at the market. In addition, the number of management subjects is reduced for the regulatory body. Hence, the consolidated company would attract more attention to its activity.*

2) *Reduction by regional authorities of financing of programs of telephonization of their regions.*

*Russian market of telecom services is becoming extremely competitive. While the market of traditional wire communication services is upon the whole divided by regional operators and each of them in its region is an absolute monopolist for such services provision, the competition is toughening due to the increase in the share of new communication services and also due to the vigorous activity of the companies providing these services.*

*The major factors of political risks occurrence are:*

- *Imperfection of legislative base governing economic relations;*
- *Insufficient efficiency of judicial system;*
- *Instability of authority of Russian Federation subjects.*

*In the first place to regional political risk is referred the change of management in the Volga Federal district, the rise to power of opposition.*

*The other risk factors that may affect the Company's activity are:*

- *Short, by this time, period of operation of the consolidated company, as a result of which the Issuer may encounter the risks and difficulties that are not evident currently;*
- *Uncertainty in formation of tariffs established by the Ministry of Anti-monopoly Policy and their impact on the Company's operations;*
- *The change of current legislation in the sphere of accounting.*

*The worsening of political situation in the Volga Federal district may occur in case of essential changes in economic situation in Russia, including drastic changes of national currency rate that may result in the reduction of the number of industrial and agricultural enterprises of all forms of ownership operating in the region, growth of unemployment, slowdown of solvent demand of general public. Such course of events would result in the suspension of the Issuer's investment program implementation, the reduction of gain of communication services volume provided by the Issuer on the territory of the region and growth retardation income base. In this case the Issuer will perform its liabilities under the Bonds for account of operations income, and when necessary to borrow short-term loans of commercial banks for these purposes.*

Risks related to potential military conflicts, imposing of the state of emergency and strikes in the country (countries) and the region where the issuer is registered as a taxpayer and/or carries out core activity:

*The probability of occurrence of military conflicts, imposing of the state of emergency and strikes in the country and the region where the issuer is registered as a taxpayer and carries out core activity is estimated as insufficient in order to consider these risks as circumstances capable to affect substantially the Issuer's activity. Such conclusion is confirmed by current level of Russian Federation credit rating, this rating being the investment one.*

*To minimize the risks of terrorist acts the Issuer took additional measures for security assurance at the enterprise.*

The risks related to geographical features of the country (countries) and of the region where the issuer is registered as a taxpayer and/or carries out core activity, including heightened danger of acts of God, potential termination of transport due to remoteness and/or inaccessibility, etc.:

*The risks related to geographical features of the region, including heightened danger of acts of God, potential termination of transport due to remoteness and inaccessibility are estimated as minimal.*

*During 2004 considerable portion of the Company's fixed assets, the risks of losses in case of stoppage of operations, liability to third parties for property damage or environmental damage done as a result of failure or other accidents connected with the Company's property or activity*

*carried out by it were not insured. As long as the Company does not have the appropriate insurance coverage there is the risk that the losses of its property damage may unfavorably affect its activity and financial standing.*

*The Company plans to conclude the insurance contracts to cover the risks related to unbudgeted expenditures to remedy the implications of acts of God.*

Hypothetical actions of the issuer in the event of negative impact of the change of situation in the country (countries) and the region on its activity:

*In the event of negative impact of country and regional changes on the Issuer's activity, the Issuer is planning to put into effect the following general measures aimed to maintain the revenue performance of the company:*

- to optimize the expenses, including the measures to restrain the labor costs;*
- to revise the program of investment expenditures;*
- to take measures to raise the turnover of accounts receivable by toughening payment discipline with regard to borrowers.*

*Specific actions of the Issuer in the event of unfavorable change of situation in the region are confidential information designed for official use only.*

*In case of negative impact of the changes of the situation in the country and in the region on the Issuer's activity, the Issuer will perform its liabilities under the Bonds for account of operations income, and when necessary to borrow short-term loans of commercial banks for these purposes.*

*Upon the whole, in medium-term perspective the Issuer believes that the possibility of considerable negative impact of country and regional risks on its activity and performance of its liabilities to be remote.*

### **2.5.3. Financial risks**

Description of the issuer's exposure to risks related to the change of interest rates, foreign currency exchange rate, to the issuer's activity relative to hedging applied by the issuer to reduce unfavorable implications of the above-said risks effect:

*Negative changes of monetary management in the country, of currency rate and the increase of interest rates under the funds raised by the Issuer, and also considerable growth of inflation rates may result in the growth of the Issuer's expenses, and hence, negatively affect the Issuer's financial performances. In addition, it is impossible to close out completely the changes in the structure and professional level of the Issuer's managers that may negatively affect the efficiency of adopted managerial decisions, including those connected with hedging applied by the Issuer to reduce unfavorable implications of the above-said risks effect.*

*Currency risks:*

*Essential changes of currency rates may increase the expenditures, reduce contingency reserve provisions and/or reduce the Issuer's capabilities of debt servicing.*

*During several years gradual drop of ruble / US dollar rate have been observed, however lately the rates of major world currencies to ruble are quite stable. The capability of the Government and Russia's Central Bank to maintain stable ruble rate will depend on many political and economic factors, among which are the capability to finance budget deficit without creation of money, control of inflation level and build up of foreign currency reserves at sufficient level to maintain the ruble rate.*

*A separate part of the Issuer's expenses and liabilities is denominated in US dollars and Euro. Devaluation of ruble to US dollar and Euro may negatively affect the Issuer's efficiency (cost effectiveness, earning power ratio) due to the increase of expenses in terms of rubles.*

*Significant devaluation of ruble (by 40-50% and more) is capable to complicate for the Issuer the performance of liabilities as in this case the growth of tariffs may not be sufficient to compensate for the drop of services volume in physical terms. In this connection the Issuer takes*

*measures to reduce the portion of foreign currency obligations in the structure of credit portfolio.*

*On the other hand a number of tariffs for the services provided by the Issuer are also adjusted to US dollar rate (including the services of Internet access, IP-telephony, some of data transfer services) which to some extent reduces currency risks faced by the Issuer when carrying out its activity. As consequence, moderate devaluation of ruble to US dollar (to 20-25%) will not materially affect the Issuer's capabilities to perform its debt liabilities.*

*That is why it is possible to state that the Issuer's exposure to risks related to the change of foreign currency exchange rate is minimal.*

Hypothetical actions of the issuer in the event of negative impact of the change of currency rate and of interest rate on the issuer's activity:

*In case of considerable devaluation of ruble the Issuer is planning to put into effect the following arrangements:*

- to conduct tough policy aimed to the reduction of expenditures expressed in foreign currency, and also wherever possible to change terms and conditions of contracts with foreign suppliers;*
- to revise the investment program;*
- to take measures to improve the turnover of current assets, in the first place for account of reduction of inventories, and also to revise existing contract relations with end-users to reduce overdue accounts receivable.*

The impact of inflation on repayments under securities, critical, in the issuer's opinion, inflation values, and also hypothetical actions of the issuer to reduce the specified risk:

*The inflation in Russia according to official figures in 2003 was 12%, in 2004 – 11,7%, and for 9 months of 2005 – 8,6% (vs. 8% in the past year). Although the target inflation in 2005 is somewhat higher than the level anticipated by RF Government (10 - 10,5 % vs. anticipated level of 8 %), the RF Government forecasts that in the near future the tendency of the rates of price increases in Russia will strengthen.*

*As regards the Issuer's activity financial performances, the impact of inflation factor is ambiguous. The reduction of inflation rates when the economic growth is constant will contribute to further increase in real income of the population and corporate sector and, as consequence will result in the growth of communication services consumption. On the contrary, the growth of the rates of price increases may result both in the reduction of communication services consumption, and in the growth of the Issuer's expenditures (e.g., for account of energy resources price advance), in the cost of borrowed funds and may become the reason of profitability index drop.*

*Therefore in case of substantial excess of actual inflation values over FR Government forecasts, and namely – if the inflation rates increase to 30-35% per year (critical values in the Issuer's opinion), the Issuer is planning to take measures limiting the expenditures growth, the reduction of accounts receivable and the reduction of its average period.*

*The above stated risks form the liquidity risk, i.e. the probability of incurring losses due to cash deficit at required time, and as consequence the Issuer's failure to perform its obligations. The occurrence of such risk event may result in fines, late payment interest, and damage to the Issuer's goodwill, etc.*

*The Issuer manages the liquidity risk by planning the cash flows, by the analysis of scheduled and actual cash flows for the entire "VolgaTelecom", and also for its regional branches. Occurring problems with absolute liquidity are resolved by raising credits and loans, and also by establishing the priorities of payments.*

*As stated in section 4.2 the Issuer is incurring deficit of own floating capital due to the growth of the Company's investment program. In 2003 and 2004 OJSC "VolgaTelecom" financed the deficit of floating capital for account of short-term loans with Russian banks and for account of issue of bonded loans at Russian market. In case of sharp reduction in liquidity at the markets of debt instruments and in RF banking system the Issuer's borrowing of short-term contract loans with Russian banks to cover the deficit of floating capital may result in the growth of interest rates under the raised funds, and as consequence to considerable growth of the cost of debt obligations servicing. In addition, sharp reduction in liquidity of Russian markets may*

*result in difficulties when obtaining the financing to cover the deficit of the Issuer's floating capital.*

The indicators of the issuer's financial reporting that are most exposed to the change as a result of impact of the specified financial risks (the risks, probability of their occurrence and the nature of changes in the reporting):

*In the Issuer's opinion the basic financial indicators of the Issuer - profit and prime cost of services – are most exposed to the impact of above listed risks. The effect of financial risks on the level of proceeds is minimal. The Issuer estimates the probability of occurrence of the above financial risks (sharp change of currency rates, inflation, and growth of interest rates) in the years to come as low. However, in case of these risks occurrence it is possible that the prime cost of rendered services would grow and the Company's profit would reduce which may be compensated by the tariffs increase and by reduction of amounts of borrowed funds.*

#### **2.5.4. Legal risks**

*The Issuer is equally exposed to legal risks as other organizations in Russian Federation.*

*In the first place, these are the changes of current legislation of Russian Federation that result in unpredictability of results when carrying out operational and investment activity of long-term nature.*

*Secondly, these are contradictions between the laws, decrees of the President of Russian Federation, the Government acts and directions of ministries, as well as between local, regional and federal legislation and statutory acts that often contain ambiguous interpretation of the same regulatory requirements.*

*In the third place, these are the delays in passing or lack of by-laws, ensuring the execution of this or that legislation, causing significant flaws in statutory-legal base. For example, Federal law "On communication" that became effective since January 1, 2004 contains great many of reference rules to by-laws that by now are not adopted in full.*

*The fourth, these are the risks related to the reform of governmental authorities and organs paralyzing the activity of the authorities.*

*Fifthly, this is poorly efficient warranties of getting protection in Russian court and of enforcement of legal judgments.*

Risks related to the change of currency exchange regulation

*During the reporting period the risks related to the possibility of change of foreign currency law were considered by the Issuer as minimal. When carrying out its financial-economic activity the Issuer had the risks resulting from the need of compliance with the requirements of legislation when performing operations with foreign currency.*

The risks related to the change of tax laws:

*Russian tax, currency and customs legislation allows for diverse interpretations and is subject to frequent changes. Lately the course of events in Russian Federation testifies to the fact that taxation authorities may take up hard-line attitude when interpreting tax legislation. As consequence the taxation authorities may lay claims for those transactions and accounting methods for which earlier they did not lay any claims. As a result considerable additional taxes, late payment interest and fines may be charged. Tax inspections may cover three calendar years of activity directly preceding the year to be inspected. Under certain conditions earlier periods may be inspected.*

*In the management opinion as of December 31, 2004 the relevant provisions of legislation are interpreted by it upon the whole correctly and the probability of preserving the status in which the Company is from the point of view of complying with the requirements of tax, currency and customs legislation is high. The Company intends to protect its stance in these issues. The reporting as of December 31, 2004 does not contain adjustments that may become necessary due to these uncertainties and stances taken up by the Company.*

*In February 2005 the taxation authorities laid substantial tax claims to one of the companies comprising OJSC "Svyazinvest" group; these claims being laid on the basis of the results of the inspection of that company's activity for 2002-2003.*

*The Company is not expecting similar claims to its address as the above said company did not agree with the laid tax claims; it filed the claim in order to controvert the decision of the taxation authorities and estimates the probability of the claim's settlement as high. In addition, the taxation authorities inspected the same periods in other companies of OJSC "Svyazinvest" group and the claims laid to them were insignificant.*

Risks of change of customs regulations and customs duties

*The risks in the area of customs legislation did not have vital importance for the Issuer's activity. The major portion of the equipment is acquired by the Issuer under the contracts of leasing, so the risks of customs clearance and acceptance of the equipment delivered by foreign suppliers of the equipment are bourn by lessor.*

The change of requirements for licensing core activity

*At present the major risks are connected with the uncertainty of legal regulation of conditions of communication industry activity due to the effectiveness since January 1, 2004 of Federal law "On communication" № 126-ФЗ of July 7, 2003. A number of normative acts related to communication services licensing are in the stage of elaboration, and the normative acts adopted earlier and are now in force comply with the new law in not all the lines. As of the date of this report preparation the Issuer is not able to forecast the impact of these risks on its activity.*

Changes of court practice on the matters related to the Issuer's activity

*Russian legal system is characterized by 1) inconsistencies between the laws, decrees of the President of Russian Federation and the Government, the orders, resolutions and other legislative acts of ministries and local administrations; 2) contradictory local, regional and federative decrees and regulations; 3) lack of legal and administrative guidance for interpretation of legislation; 4) relative lack of experience in legislation interpretation and 5) high degree of power of governmental authorities.*

#### **2.5.5. Risks related to the issuer's activity**

Risks related to current legal proceedings in which the issuer is a party:

*RF Ministry of finances advanced the claim to the Company to recover the debt to RF Government under debt obligations of OJSC "Elektrosvyaz" of Ulyanovsk oblast, of OJSC "Martelcom", of OJSC "Svyazinform" of Penza oblast, of OJSC "Svyazinform" of the Republic of Mordoviya, of OJSC "Elektrosvyaz" of Orenburg oblast, of OJSC "Saratovelektrosvyaz", and of OJSC "UdmurtTelecom", OJSC "VolgaTelecom" being their assign, for the supplied equipment. The amount of the plaintiff's claims is 6 637 137,99 Euro. The trial of the case is scheduled for 12.12.2005. Russian Federation Ministry of finances and Foreign Trade Bank were sent the letter to settle this dispute and to conclude amicable settlement in accordance with item 24 of Russian Federation Government Regulation № 107 of March 02, 2005 "On measures to realize Federal law "On federal budget for 2005" and clause 99 of RF Federal law № 173 –ФЗ of 23.12.2004 "On federal budget for 2005" on the basis of resolutions adopted by Russian Federation Ministry of finances by methods stipulated by Russian Federation legislation.*

*The risk of unfavorable judgment for other current proceedings is insignificant. In addition, the results of current disputes of the Issuer with third parties will not be able to affect the Issuer's core activity and its financial-economic standing as the volume of claims to the Issuer under current disputes in relation to its total turnover is insignificant.*

Risks related to the lack of opportunity to extend the terms of issuer's licenses for the execution of specific activity or utilization of objects the availability of which in the turnover (natural resources including) is limited:

*The Issuer does not have absolute guarantees that upon the expiry of the validity term the licenses will be extended and there will not be increase in liabilities and/or curtail of rights under terms and conditions of extended licenses which will be connected with the growth of expenses and perhaps with limitation in the zone of communication services provision. If the Issuer fails to extend current licenses or obtain renewed licenses on terms and conditions comparable with current terms and conditions, then it will have to reduce the volume of provided services which will result in the reduction of the number of subscribers.*

*At the same time the Issuer takes all necessary measures to meet completely the licenses' requirements, so the forecast regarding the extension of the validity term of the Issuer's licenses for execution of specific activities is positive, and the risks related to the lack of opportunity to extend the terms of issuer's licenses are estimated as minimal.*

Risks related to potential liability of the issuer for the debts of third parties, including of the issuer's affiliated companies:

*The volume of the Issuer's liability for the debts of third parties, including of affiliated companies, is insignificant, as the Issuer observes the requirement of current legislation when exercising its rights and performing its obligations with regard to third parties, including affiliated companies of the issuer.*

*The risk of non-performance of their obligations by third parties is considered as minimal.*

Risks related to the possibility of losing consumers, whose share in the turnover is at least 10% from the total proceeds of sales of the issuer's products (works and services):

*There are no specified consumers.*



### III. Detailed information on the issuer

#### 3.1. Background of establishment and development of the issuer

##### 3.1.1. Data on the brand name (name) of the issuer

The issuer's full and abbreviated brand names:

***Открытое акционерное общество «ВолгаТелеком»***

***Open Joint Stock Company «VolgaTelecom»***

***ОАО «ВолгаТелеком»***

***OJSC «VolgaTelecom»***

***The Issuer carries out its activity under the trade mark (service mark):***

The number of the certificate for registration of the trade mark (service mark): **231259**

Date of issue: **15.12.2002**

The body that issued the certificate: **Russian agency for patents and trade marks**

Term of validity: **to 31.05.2012**

***OJSC «VolgaTelecom» is the possessor of right in relation to the following goods (services):***

***38 (telecommunications) – phone communication, telegraph communication, international long-distance communication, communication via the Internet, data transfer, communication channels for lease.***

***Color combination: blue, Eton blue, sky-blue and white.***

Data on changes in the issuer's name and business legal structure during the time of the issuer's existence:

1. Full brand name: ***State enterprise of communication and informatics «Rossvyazinform» of Nizhny Novgorod oblast***

Abbreviated brand name: ***SECI «Rossvyazinform»***

Form of incorporation: ***state enterprise of communication and informatics***

Introduced on: **01.04.1991**

The grounds for the name introduction: ***set up of the enterprise on the basis of the Order of the Ministry of communication***

2. Full brand name: ***Joint Stock Company of Open Type «Svyazinform» of Nizhny Novgorod oblast***

Abbreviated brand name: ***JSCOT «Nizhegorodsvyazinform»***

Form of incorporation: ***Joint Stock Company of Open Type***

Introduced on: **15.12.1993**

The grounds for the name introduction: ***The name was introduced as a result of reorganization of state enterprise of communication and informatics «Rossvyazinform» of Nizhny Novgorod oblast in accordance with the Decree of the President of Russian Federation of 01.07.92 № 721 «On organizational measures for reorganization of state enterprise, voluntary affiliation of state enterprises into joint stock companies» and the regulation of Government of Russian Federation dated of December 22, 1992 № 1003 «On privatization of communication enterprises».***

3. Full brand name: ***Open Joint Stock Company «Svyazinform» of Nizhny Novgorod oblast***

Abbreviated brand name: ***OJSC «Nizhegorodsvyazinform»***

Form of incorporation: *Open Joint Stock Company*

Introduced on: *12.08.1996*

The grounds for the name introduction: *The name was introduced to reconcile it with RF Civil Code and Federal law "On joint stock companies".*

4. Full brand name: *Open Joint Stock Company "VolgaTelecom"*

Abbreviated brand name: *OJSC "VolgaTelecom"*

Form of incorporation: *Open Joint Stock Company*

Introduced on: *28.06.2002*

The grounds for the name introduction: *The name was introduced in accordance with the resolution of general meeting of stockholders of 28.06.2002, minutes № 10.*

### **3.1.2. Data on the issuer's state registration**

The issuer's state registration number: *448*

The issuer's state registration date: *15.12.1993*

The name of the state registration body: *Committee for management and control of city's property and land resources of administration of the city of Nizhny Novgorod*

*Certificate of making an entry into Single state register of legal entities about the legal entity registered before July 1, 2002:*

The issuer's basic state registration number: *1025203014781*

The issuer's state registration date: *01.08.2002*

The name of the state registration body:

*Inspection of Russia's Ministry of Tax Collection for Nizhegorodskiy district of the city of Nizhny Novgorod*

### **3.1.3. Data on establishment and development of the issuer**

*In 1993 as a result of privatization of state enterprise of communication and informatics "Rossyazinform" there was registered joint stock company of open type (JSCOT) "Svyazinform" of Nizhny Novgorod oblast, which in 1996 was transformed into Open Joint Stock Company (OJSC) "Nizhegorodsvyazinform". Thus, the issuer has been operating for 11 years and 6,5 months since the date of its state registration (15.12.1993) and has been established as per the Company's Charter for the unlimited period of activity. General objective of the company's establishment was to increase the efficiency of the state economic system and to transit from planned economy to market relations. Belonging to the area of service production determines the Company's major objective, which consists of obtaining additional profit via tracking and reacting to the market demands with further satisfaction of the demand for services.*

*In 1993 the company got independence in the management of its own production and financial resources. Following the obtaining of economic independence OJSC "Nizhegorodsvyazinform" started active modernization of communication networks by transforming the existing capacities and constructing the new ones only on the basis of digital data transmit systems. Annual increase in the network subscriber capacity amounted to 70 thousand numbers per year.*

*Since 1996 due to active implementation of the latest communication services on the basis of high technological level equipment OJSC "Nizhegorodsvyazinform" has started to provide Internet access services. In addition, OJSC "Nizhegorodsvyazinform" has been gradually*

*expanding the list of high-tech services – ISDN, phone cards system, as an element of intelligent network, IP- telephony, xDSL-based digital access, voice mail, etc.*

*In 1994 OJSC “Nizhegorodsvyazinform” shares entered Russia’s market of securities. In 1997 the Company issued ADRs of Level I, traded at present at the following trading sites:*

The site’s name	CUSIP (WKN)	ADR ticker	ISIN
USA OTC	928660109	VLGAY (VLGAY.PK)	-
Frankfurt stock exchange (FSE)	910415	NZH (NZHGy.F)	US9286601094
Berlin stock exchange (BerSE)	910415	NZH (NZHGy.BE)	US9286601094
Trading site of Germany (Xetra)	910415	NZH (NZHGy.DE)	US9286601094
Stuttgart stock exchange (SSE)	910415	NZH (NZHGy.SG)	US9286601094

*Up to the second half of 2002 OJSC “Nizhegorodsvyazinform” had been the leading operator at telecommunications market of the city of Nizhny Novgorod and Nizhny Novgorod oblast, a natural monopolist in the area of providing the services of local, DLD & ILD communication. The Company ranked the 4-th by the size of telephone network among Russia’s regional operators.*

*In 2002 on the basis of OJSC “Nizhegorodsvyazinform”, by affiliating 10 enterprises of communication of the Volga region, there was established Open Joint Stock Company “VolgaTelecom” – communication enterprise of the Volga region.*

*The resolution on reorganization by way of incorporating to OJSC “VolgaTelecom” was adopted by overwhelming majority of votes at extraordinary meetings of shareholders of the incorporated companies in autumn of year 2001.*

*In July 2002 the Board of directors of OJSC “VolgaTelecom” adopted the resolution on increasing the Company’s charter capital. Additional issue of shares was placed within the limits of declared shares by converting the shares of incorporated communication operators of the Volga region into them.*

*As of November 30, 2002 10 incorporated joint stock companies were excluded from the Single state register of legal entities; their property, assets, personnel were transferred to appropriate regional branches of OJSC “VolgaTelecom”. The shares and bonds of these companies were converted into OJSC “VolgaTelecom” shares and bonds.*

*The incorporated company network covers the territory of 665 thousand square kilometers and provides communication services to over 21 million people.*

*OJSC “VolgaTelecom” has the licenses to provide the services of local, DLD & ILD phone communication, recording communication, radio broadcasting, etc. in eleven regions of the Volga Federal district.*

*The Company is a large Internet provider, directly or via affiliated companies it provides the services of paging and mobile communication of various standards.*

*The Company’s strategy is to provide quality telecom services to population, state-financed organizations and corporate customers on the territory of the Volga Federal district to maintain the leading positions at the market.*

*The objective of the issuer’s establishment: to obtain profit, to render quality telecom services to the end-users. The issuer was established for the uncertain term, i.e. the scheduled term of the issuer’s existence is not limited.*

*Mission: OJSC “VolgaTelecom” is inter-regional communication operator providing the entire range of telecom services within general concept of telecommunications development in Russia on the basis of innovative and technological lead in the Volga Federal district.*

### 3.1.4. Contact information

The issuer's location: **Dom Svyazi, M.Gorky square, Nizhny Novgorod, Russian Federation, 603000**

The issuer's mail address: **Dom Svyazi, M.Gorky square, Nizhny Novgorod, Russian Federation, 603000**

Location of the issuer's permanent executive body:

**Dom Svyazi, M.Gorky square, Nizhny Novgorod, Russian Federation, 603000**

Phone number: **(8312) 33 20 47**

Fax number: **(8312) 30 67 68**

E-mail address: [gd@vt.ru](mailto:gd@vt.ru)

The address of the web-site in the Internet where the information on the issuer and securities issued by it is available: <http://www.vt.ru>

Location of the issuer's special department for shareholders and investors relations:

**Department of securities and capital markets**

**Dom Svyazi, M.Gorky square, Nizhny Novgorod**

Phone number: **(8312) 30 06 68, 34 38 54**

Fax number: **(8312) 34 38 54**

E-mail address: [d.sokolov@vt.ru](mailto:d.sokolov@vt.ru)

### 3.1.5. Taxpayer Identification Number (TIN)

Taxpayer Identification Number:

**5260901817**

### 3.1.6. The issuer's branches and representation offices

Name: **Kirov branch**

**No changes.**

Name: **Nizhny Novgorod branch**

**The validity term of the power of attorney was changed: to 15.12.2006**

Name: **Orenburg branch**

**The validity term of the power of attorney was changed: to 10.06.2006**

Name: **Penza branch**

**No changes.**

Name: **Samara branch**

**No changes.**

Name: **Saratov branch**

**No changes.**

Name: **Ulyanovsk branch**

**No changes.**

Name: **branch in the Republic of Maryi El**

**The validity term of the power of attorney was changed: to 27.09.2006**

Name: **branch in the Republic of Mordoviya**

**No changes.**

Name: *branch in the Republic of Udmurtiya*

*No changes.*

Name: *branch in the Republic of Chuvashiya*

*No changes.*

### 3.2. The issuer's core economic activity

#### 3.2.1. The issuer's industry membership

#### 64.20 - Activity in communication area

The codes of main industry's trends of activity in accordance with OKVED:

Activity codes by OKVED	The name of the activity in accordance with OKVED code
64.20.11	Activity in telephone communication area
64.20.12	Activity in the area of recording communication
64.20.21	Activity in the area of transmission (broadcasting) and distribution of TV programs
64.20.22	Activity in the area of transmission (broadcasting) and distribution of radio programs
64.20.3	Other activity in communication area

#### 3.2.2. The issuer's core economic activity

Information about the issuer's core economic activity for the reporting period:

The core means prevailing and having priority importance for the issuer economic activity:

*The core i.e. prevailing and having priority importance for the issuer economic activity is provision of communication services in the Volga Federal district.*

The share of the issuer's proceeds from core economic activity in the total amount of the issuer's earned revenues for the reporting quarter:

Item description	9 months of 2004	9 months of 2005
Amount of proceeds from sales of products, total (works and services), thousand rubles	15 506 433	5 298 654
including:		
Amount of proceeds from communication services provision, thousand rubles	15 115 118	5 157 505
Share in the total amount of proceeds, %	97,48%	97,34%

Changes of the amount of the issuer's proceeds from core economic activity by 10 and more percent vs. the relevant reporting period of the previous year and the reasons of such changes:

*The increase in communication services income for quarter 3 of the current year vs. the relevant period of the past year made up 114,9 %.*

*The basic factors impacting the change of income during the reporting period are network development and implementation of new communication services.*

*For quarter 3 the gain of basic phone sets was 72 295 numbers. The revenues that the Company earned for providing access to telephone network amounted to 388,3 million rubles. As before this is an appreciable source of the Company's income making up 16,8 % in the income from urban and rural telephone networks services or 7,5% in the income from communication services.*

*Maintaining and increasing the Company's network development performance affected the revenues earned from DLD&ILD. In this area the Company's income in quarter 3 amounted to 1 619 million rubles.*

*Recently new communication services are of priority development; among them is provision of Internet services, ISDN, IP-telephony, intelligent networks services, provision of video-phone connections, etc. The share of services, rendered on the basis of new technologies, in the proceeds is constantly growing and for 9 months of 2005 it is 5,6 %. (In 2004 it was 5,2%). In quarter 3 new services income amounted to 303,1 million rubles.*

Seasonal nature of the issuer's core economic activity:

*The Issuer's core economic activity is not of seasonal nature.*

### 3.2.3. Major types of products (works, services)

Types of products (works and services) that ensured at least 10 percent of the issuer's sales volume (proceeds) for the reporting period:

*The services ensuring at least 10 percent of the Issuer's proceeds are:*

- Provision of DLD (in Russia's cities and towns) and ILD phone communication services;*
- Provision of local phone communication services.*

Item description	Quarter 3 of 2005
<i>Provision of DLD &amp; ILD telephone services.</i>	
Proceeds amount, thousand rubles	1 619 580
Share in the total amount of proceeds, %	30,57
<i>Provision of local telephone communication services.</i>	
Proceeds amount, thousand rubles	2 317 531
Share in the total amount of proceeds, %	43,74
<i>Provision of connection and traffic transfer services</i>	
Proceeds amount, thousand rubles	666 570
Share in the total amount of proceeds, %	12,58

*The data on these services sales are provided as per Single Information Request Packet data.*

Overall structure of the issuer's prime cost for the reporting period:

<b>Expenditures item description</b>	<b>Quarter 3 of 2005</b>
1	3
Raw materials and supplies, %	7,09%
The works and services of production nature, executed by outside organizations, %	22,45%
Fuel, %	1,65%
Energy, %	1,74%
Wage costs, %	33,74%
Interest on credits %	0,00%
Rental fee, %	1,33%
Benefits-related deduction, %	8,34%
Fixed assets depreciation, %	16,24%
Taxes included into the prime cost of products, %	0,25%
<b>Other expenditures (to be explained) %</b>	7,18%
Including amortization of intangible assets, %	0,00%
mandatory insurance payment, %	0,35%
representation expenses, %	0,01%
advertising	0,47%
Miscellaneous, %	6,34%
TOTAL: expenditures for production and sale of products (works, services) (prime cost), %	<b>100%</b>
For reference: proceeds from the sale of products (works, services), % to prime cost	<b>136,11%</b>

Essential new types of products (works and services) offered by the issuer at the market of its core activity (to the extent as it corresponds to publicly available information about such types of products (works and services)):

*Recently new communication services are of priority development; among them is provision of Internet services, ISDN, IP-telephony, intelligent networks services, provision of video-phone connections, etc. The share of services, rendered on the basis of new technologies, in the proceeds is constantly growing and for 2004 it is 5,2 %.*

Standards (rules) in accordance with which the accounting statement was prepared and the calculations shown in this item were made:

1. *Bookkeeping regulations "Accounting policy of organization" ПБУ 1/98", approved by RF Ministry of finances Order N 60н of 09.12.1998;*
2. *Bookkeeping regulations "Accounting of agreements (contracts) for capital construction" ПБУ 2/94", approved by RF Ministry of finances Order N 167 of 20.12.1994;*
3. *Bookkeeping regulations "Accounting of assets and liabilities the cost of which is denominated in foreign currency" ПБУ 3/2000", approved by RF Ministry of finances Order N 2н of 10.01.2000;*

4. *Bookkeeping regulations "Accounting statement of organization" (ПБУ 4/99)", approved by RF Ministry of finances Order N 43н of 06.07.1999;*
5. *Bookkeeping regulations "Accounting of inventories" ПБУ 5/01", approved by RF Ministry of finances Order N 44н of 09.06.2001;*
6. *Bookkeeping regulations "Accounting of fixed assets" ПБУ 6/01", approved by RF Ministry of finances Order N 26н of 30.03.2001;*
7. *Bookkeeping regulations "Events after the reporting date" (ПБУ 7/98)", approved by RF Ministry of finances Order N 56н of 25.11.1998;*
8. *Bookkeeping regulations "Contingency" ПБУ 8/01", approved by RF Ministry of finances Order N 96н of 28.11.2001;*
9. *Bookkeeping regulations "Organization's income" ПБУ 9/99", approved by RF Ministry of finances Order N 32н of 06.05.1999;*
10. *Bookkeeping regulations "Organization's expenses" ПБУ 10/99", approved by RF Ministry of finances Order N 33н of 06.05.1999;*
11. *Bookkeeping regulations "Information about affiliated persons" ПБУ 11/2000", approved by RF Ministry of finances Order N 5н of 13.01.2000;*
12. *Bookkeeping regulations "Segment information" (ПБУ 12/2000)", approved by RF Ministry of finances Order N 11н of 27.01.2000;*
13. *Bookkeeping regulations "Accounting of government assistance" ПБУ 13/2000", approved by RF Ministry of finances Order N 92н of 16.10.2000;*
14. *Bookkeeping regulations "Accounting of intangible assets" ПБУ 14/2000", approved by RF Ministry of finances Order N 91н of 16.10.2000;*
15. *Bookkeeping regulations "Accounting of loans and credits and of costs for their servicing" (ПБУ 15/01)", approved by RF Ministry of finances Order N 60н of 02.08.2001;*
16. *Bookkeeping regulations "Information about discontinuing operation" ПБУ 16/02", approved by RF Ministry of finances Order N 66н of 02.07.2002;*
17. *Bookkeeping regulations "Accounting of expenses for R&D and engineering works" ПБУ 17/02", approved by RF Ministry of finances Order N 115н of 19.11.2002;*
18. *Bookkeeping regulations "Accounting of expenses for income tax" ПБУ 18/02", approved by RF Ministry of finances Order N 114н of 19.11.2002;*
19. *Bookkeeping regulations "Accounting of financial investments" ПБУ 19/02", approved by RF Ministry of finances Order N 126н of 10.12.2002;*
20. *Bookkeeping regulations "Information about participation in joint activity" ПБУ 20/03", approved by RF Ministry of finances Order N 105н of 24.11.2003.*

#### 3.2.4. The issuer's raw products (materials) and suppliers.

The issuer's suppliers, their share being at least 10 percent of all supplies of the materials for the reporting period.

##### 9 months of 2005

Full brand name	Share, %
CJSC "Samara's cable company" (Russia)	22,31
OJSC "Plant "Saranskable" (Russia)	13,03



OJSC "Farial-cable" (Russia)	12,77

Information about the share of import in the supplies of commodity stocks and supplies for 9 months of 2005:

*The share of import is equal to zero.*

Change of prices for prime raw products (materials)

*There were no substantial changes of prices capable to affect materially the issuer's financial standing.*

Forecasts in relation to the availability of above listed sources of commodity stocks and supplies

*The forecasts in relation to the availability of above listed sources of commodity stocks and supplies are estimated as favorable. Basic suppliers of commodity stocks and supplies are reliable and long-term partners of the issuer; their production activity is to a considerable extent oriented to OJSC "VolgaTelecom". Thus, the difficulties in availability of the sources of commodity stocks and supplies are not expected.*

### 3.2.5. The issuer's products (works, services) sales markets.

Major markets where the issuer carries out its activity:

*OJSC "VolgaTelecom" services are sold on the entire territory of the Volga Federal district of Russian Federation (except for the republics of Bashkortostan, Tatarstan, Perm oblast and Komi – Permyatsky autonomous national area).*

*The major markets of OJSC "VolgaTelecom" are the following:*

- *Local and intrazonal telephone communication market.*
- *DLD and ILD telephone communication market.*
- *Market of new communication services (Internet and data transfer, ISDN, xDSL, IP-telephony, intelligent network and other data transfer services).*
- *Wireless and cellular communication market.*
- *Other services (wire sound broadcasting, recording communication, radio broadcasting, television, satellite communication).*

*The major consumer groups of communication services rendered by OJSC "VolgaTelecom" are the following:*

- *General public*
- *Self-financing organizations (large, medium and small)*
- *State-financed organizations*

Items description	2000	2001	2002	2003	2004	
Share of income from general public, %	51,5	52,7	54,9	57,2	56,5	m
Share of income from self-financing organizations, %	44,8	43,3	44,1	34,7	35,6	
Share of income from state-financed organizations, %	3,7	4,0	4,0	8,1	7,9	

Potential factors that may negatively affect the issuer's sales of its products (works and services) and hypothetical actions of the issuer to reduce this impact:

*OJSC "VolgaTelecom" activity results are affected by a number of factors that the Company is not capable to control completely, including macroeconomical ones. In addition, there are also some factors that at present seem to be insignificant, but later they may considerably impact the Company's activity. All these may unfavorable affect the results of the Company's activity, its trade turnover, profit, assets, liquidity and capital.*

*Among negative factors that may affect OJSC "VolgaTelecom" products sales one should emphasize fast growth of penetration level of cellular communication and IP-telephony services, toughening of competition among Internet providers, and also expected toughening of competition in the area of new technologies and services with due account for high level of potential competition. The growth of competition level at the market of local communication is notable, and first of all in the segment of high-yielding corporate subscribers and from the part of cellular companies offering cheap rates and that may result in decline in demand, loss of subscribers and reduction of volume of calls.*

*The Company is operating in the industry with high level of competition at such markets as DLD & ILD (the market share is 93,0%), cellular communication (the market share is 12,0%), dial-up and allocated access to Internet, (the market share is 73,0% and 73,3% correspondingly). There is a definite risk that competitors will try to increase their share at these markets for account of high-yielding corporate customer by substantial reduction of prices first of all for account of implementation of new technologies and reduction of expenditures (transmission of voice traffic via packet-switched networks. Recently the industry where OJSC "VolgaTelecom" is operating is characterized by vigorous emergence and implementation of new technologies. The emergence of new products and technologies is expected and also further development of existing types of products and services.*

*The Company's management conducts regular monitoring and control of change of the group of the most important indicators characterizing the efficiency of the Company's activity in the area of economical, financial, technical and marketing policies for the purposes of forecasting and operational response to the occurrence and/or increase in the effect of various negative factors. Strategic and medium-term plans of the Company's development are worked out in the frame of pessimistic course of events which ensures for the Company's activity additional safety factor in case of crisis situations development. Every year based on the results of the operation for the accomplished year and the analysis of the Company's activity conditions change the forecasts of economical development and marketing strategy are adjusted.*

*In order to reduce the effect of negative factors, to maintain and increase its market share the Company needs to develop permanently its line of products, to implement next generation technologies, to upgrade the quality of services rendered to the end-users, to track the slightest changes occurring in the competitors' activity and to respond to them operatively, and also to optimize operations-technological processes, to reduce the products prime cost and to improve the managers' qualification.*

### 3.2.6. Data on the issuer's licenses.

The data on OJSC "VolgaTelecom" licenses are provided in item 3.2.10 setting additional requirements to the issuers whose core activity is communication services provision.

№№	LICENSE NAME	LICENSE NUMBER, DATE OF ISSUE AND VALIDY TERM	THE NAME OF THE BODY THAT ISSUED THE LICENSE
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1.	Provision of local and intrazonal telephone communication services	№ 23245 of 04.10.2002 (till 04.10.2012);	License of Ministry of communication and informatization	RF
2.	Provision of local, long distance and international telephone communication services (by using the network of call offices, payphone network)	№ 24345 of 28.11.2002 (till 28.11.2007);	License of Ministry of communication and informatization	RF
3.	To let communication channels on lease	№ 23246 of 12.09.2002 (till 12.09.2007);	License of Ministry of communication and informatization	RF
4.	Provision of telematic services	№ 23240 of 01.08.2002 (till 01.08.2007);	License of Ministry of communication and informatization	RF
5.	Provision of telegraph communication services	№ 23243 of 14.11.2002 (till 14.11.2007);	License of Ministry of communication and informatization	RF
6.	Provision of data transfer services	№ 23241 of 01.08.2002 (till 01.08.2007);	License of Ministry of communication and informatization	RF
7.	Provision of services of broadcasting sound programs over wire broadcasting network	№ 23721 of 12.09.2002 (till 12.09.2007);	License of Ministry of communication and informatization	RF
8.	Provision of cellular radio telephone communication services in the frequency range:  NMT-450 MHz (Samara oblast) GSM- 900/1800 MHz (the Republic of Maryi El) IMT-MC 450 (Samara oblast)	№ 23242 of 14.11.2002 (till 01.02.2006); № 23244 of 28.11.2002 (till 17.03.2010); № 27602 of 18.08.2003 (till 18.08.2013);	License of Ministry of communication and informatization	RF
9.	Provision of mobile radio telephone communication services	№ 24343 of 28.11.2002 (till 28.11.2005);	License of Ministry of communication and informatization	RF
10	Provision of personal radio call services	№ 24344 of 28.11.2002 (till 28.11.2005);	License of Ministry of communication and informatization	RF
11	Services of personal radio call over FM VHF	№ 11917 of 31.10.2002 (till 08.04.2004); <b>(the letter to cancel the license is sent)</b>	License of Ministry of communication and informatization	RF

12	Provision of services of broadcasting TV programs over cable TV network	<p>№ 17234 of 31.10.2002 (till 25.01.2006) The Republic of Mordoviya; the letter to cancel is sent</p> <p>№ 20830 of 31.10.2002 (till 18.01.2007) Saratov oblast;</p> <p>№ 26974 of 23.05.2003 (till 23.05.2006) Nizhny Novgorod oblast;</p> <p>№ 27620 of 18.08.2003 (till 18.08.2006) Samara oblast;</p> <p>№ 30356 of 30.12.2003 (till 31.12.2006); (Kirov oblast)</p> <p>№ 25379 of 14.03.2003 (till 14.03.2006) Orenburg oblast</p> <p>№ 32182 of 27.06.2005 (till 27.06.2010) The Republic of Maryi El (Yoshkar-Ola town, Sernur town)</p> <p>№ 32183 of 08.06.2005 (till 08.06.2010) Cheboksary town</p> <p>№ 31760 of 26.05.2005 (till 26.05.2010) The Republic of Maryi El, Kozmodemyansk town, settlement Medvedevo</p>	<p>License of RF Ministry on communication and informatization</p> <p>Federal service for supervision in communication area</p>
13.	Provision of services of on-air broadcasting of sound programs	<p>№ 17571 of 31.10.2002 (till 15.03.2006) Nizhny Novgorod oblast;</p> <p>№ 15426 of 19.05.2000 (till 19.05.2005). The resolution is adopted to issue the license, now it is in the process of drawing up with the Ministry on communication and informatization</p> <p>№ 19983 of 31.10.2002 (till 08.11.2006) settlements in Samara oblast</p> <p>№ 31759 of 26.05.2005 (till 11.05.2010) Vayatskie Polayany, Kirov oblast</p>	<p>License of RF Ministry on communication and informatization</p> <p>Federal service for supervision in communication area</p>
14	Communication services for the purposes of on-air broadcasting	<p>№ 31291 of 24.03.2005 (till 05.04.2008) settlements of Kirov oblast</p>	<p>Federal service for supervision in communication area</p>

15	Communication services for the purposes of on-air broadcasting	№ 31263 of 05.04.2005 (till 05.04.2010) settlement Novo-Smolino of Nizhny Novgorod oblast	Federal service for supervision in communication area
16	Communication services for the purposes of on-air broadcasting	№ 31262 of 01.08.2005 (till 05.04.2010) settlements in the Republic of Maryi El	Federal service for supervision in communication area
17.	Provision of services of on-air broadcasting of TV programs	№ 23264 of 31.10.2002 (till 20.05.2007) Saransk town of the Republic of Mordoviya; № 25357 of 14.03.2003 (till 14.03.2006). settlements in Samara oblast; № 23257 of 01.08.2002 (till 01.08.2005) settlements of Orenburg oblast (the application is filed to extend the license of 01. 06. 2005) now it is on approval	License of RF Ministry on communication and informatization
18	Provision of mobile radio communication services	№ 26275 of 23.05.2003 (till 23.05.2006);	License of RF Ministry on communication and informatization
19	For repair of measuring equipment	№ 000383-P of 21.01.2005 (till 21.01.2010)	Federal agency for technical regulation and metrology
20.	For carrying out medical activity	№ Г 793689 М 147 of 03.04.2003 (till 03.04.2008);  № 1421-II of 27.12.2002 (till 27.12.2007);	Nizhny Novgorod registration chamber  Ministry of Public Health of Udmurtiya Republic
21	Activity on construction of buildings and structures of I and II levels of responsibility in accordance with the state standard	ГC-4-52-02-26-0-5260901817-002029-2 of 09.01.2003 (till 09.01.2008);  ГC-4-52-02-22-0-5260901817-001771-1 of 03.10.2002 (till 03.10.2007);  Д 324172 of 14.06.2002 (till 14.06.2007);  ГC-4-52-02-22-0-5260901817-001732-1 of 19.09.2002 (till 19.09.2007)	RF state committee on construction and housing and municipal complex
22	Activity for fire prevention and extinguishing	№ 1/01031 of 21.05.2003 (till 21.05.2008);	Russia's EMERCOM State department of state fire fighting service

23	Russia's EMERCOM State department of state fire fighting service	ИЖБ № 00700 till 29.01.2021	Ministry of natural resources and environment protection
24	Subsurface water production for domestic and production needs and for sprinkling of the territory of the inventories depot of Saratov branch of OJSC "VolgaTelecom"	CPT № 00864 till 10.04.2020	Main department of natural resources and environment protection of Russia's Ministry of natural resources for Saratov oblast
25	The right of use of subsurface resources to produce subsurface water by OJSC "VolgaTelecom"	CMP №00968 till 21.06.2027	Main department of natural resources and environment protection of Russia's Ministry of natural resources for Samara oblast
26	Commercial fisheries as related to fish output	ИПБ № 000345 till 17.02.2006	State Committee on Fisheries
27	For carrying out the activity of hazardous waste handling	M04/0011/JI of 31.05.2004 (till 31.05.2009)	Russian Federation Ministry of natural resources
28	Carrying out works on installation, repair and servicing of fire fighting means ensuring fire security of buildings and constructions	№ 2/01817 of 21.05.2003 (till 21.05.2008);	Russia's EMERCOM State department of state fire fighting service
29	Carrying out surveying and mapping activities: 1. Geodesical works during engineering surveying, construction and operation of buildings and structures, land surveying, keeping cadastres, and other surveys; 2. Topographic survey of general purpose and its control at 1:500- 1:10000 scale Topographic survey of ground and underground constructions at 1:500- 1:5000 scale	BBГ-00312 of 23.12.2002 (till 23.12.2007);  BBГ-00313к of 23.12.2002 (till 23.12.2007);	Federal service of surveying and mapping of Russia Upper – Volga territorial zone
30	Retail sale of alcoholic products	№ Д 054086 1692 of 27.12.2002 (till 26.12.2005);  № 05679-42 of 21.02.2003 (till 21.02.2006);	Ministry of trade and household services of Udmurtiya Republic  Penza's oblast licensing committee

31	Activities and provision of services in the area of protecting state secrets	№ 111 of 11.12.2002 till 11.12.06 № 154 of 29.01.2003 till 29.01.08 № 524 of 09.12.2002 till 9.12.07 № 194 of 17.06.2003 till 17.06.08 № 266 of 21.08.2003 till 21.08.06	Territorial departments of Federal Security Service
32	Carrying out the activities and provision of services for protection of state secret related to operation of cryptoservice	ЛФ/07-615-52 of 31.03.1999 (term to 30.03.2004) On 29.07.2005 the documents are filed to re-document the license	Federal Agency for Security of Communication and Information
33	Educational activity	№ 43/ДО-5/53-0 of 24.04.2001 (till 24.04.2006);	Committee on licensing, attestation and state accreditation in the area of education with the Government of Udmurtiya Republic Department of education of Kirov's oblast
34	Transportation of passengers by automobile transport	№ ACC 52 000640 of 15.10.2002 (till 14.10.2007);	Licensing chamber
35	Transportation of passengers by truck transport	№ ГСС 52 000639 of 15.10.2002 (till 14.10.2007);	Licensing chamber

36	Works with the use of data making up state secret	№ 265 of 21.08.2003 till 21.08.2006 № 523 of 09.12.2002 till 09.12.07 № 523/1 of 19.12.2002 till 09.12.07 № 523/2 of 19.12.2002 till 09.12.07 № 523/3 of 19.12.2002 till 09.12.07 № 523/4 of 19.12.2002 till 09.12.07 № 523/5 of 19.12.2002 till 09.12.07 № 126 of 09.04.2003 till 10.04.08 № 126/1 of 09.04.2003 till 10.04.08 №126/2 of 09.04.2003 till 10.04.08 №277/1 of 11.07.2003 till 11.07.06 №277 of 11.07.2003 till 11.07.06 № 193 of 17.06.2003 till 17.06.08 № 152 of 17.03.2003 till 17.03.08 №152/1 of 17.03.2003 till 17.03.08 № 153 of 29.01.2003 till 29.01.08 № 153/4 of 29.01.2003 till 29.01.08 № 153/3 of 29.01.2003 till 29.01.08 № 153/2 of 29.01.2003 till 29.01.08 № 153/1 of 29.01.2003 till 29.01.08 JI3/180 of 09.12.2002 till 09.12.06 № 110 of 11.12.2002 till 11.12.06 № 110/1 of 11.12.2002 till 11.12.06 № 406 of 17.02.2003 till 17.02.06	Territorial departments of Federal Security Service
For radio broadcasting:			
37	Mass medium "Volna"	Series PB № 7557 of 13.08.2003 (till 13.08.2008);	RF Ministry on press, TV and radio broadcasting, and mass media



38	Mass medium "Volna"	Series PB № 7667 of 24.09.2003 (till 24.09.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
39	Mass medium "Volna"	Series PB № 7416 of 26.06.2003 (till 04.07.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
40	Mass medium "Pulse of Nizhny"	Series PB № 7218 of 24.04.2003; (till 12.11.2006)	RF Ministry on press, TV and radio broadcasting, and mass media
41	Mass medium "Retro-Aliyans"	Series PB № 8750 of 18.02.2005 (till 16.02.2006);	RF Ministry on press, TV and radio broadcasting, and mass media
42	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8567 of 24.11.2004 (till 05.07.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
43	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8564 of 24.11.2004 (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
44	Mass medium "Radio on "VolgaTelecom" wave" on	Series PB № 8565 of 24.11.2004 (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
45 46	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8566 of 24.11.2004 (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
	Mass medium "MIR"	Series PB № 7219 of 24.04.2003 (till 25.01.2006);	RF Ministry on press, TV and radio broadcasting, and mass media
47	Mass medium "Radio "Russian lad"	Series PB № 7980 of 18.12.2003 (till 18.12.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
48	Mass medium "Radio "Russian lad"	Series PB № 8552 of 15.11.2004 (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage

49	Mass medium "Radio "Russian lad"	Series PB № 8553 of 15.11.2004 (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
50	Mass medium "Radio "Russian lad"	Series PB № 8554 of 15.11.2004 (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
51	Mass medium "Radio "Russian lad"	Series PB № 8555 of 15.11.2004 (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
52	Mass medium "Troika"	Series TB № 8029 of 12.01.2004 (till 15.11.2009)	RF Ministry on press, TV and radio broadcasting, and mass media
53	Mass medium "Radio "Russian lad"	Series PB № 8820 of 06.04.2005 (till 06.04.2010)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage
54	Mass medium "Volna"	Series PB № 7651 of 23.09.2003 (till 03.07.2005г.) The application is filed to extend the license validity term.	RF Ministry on press, TV and radio broadcasting, and mass media

Forecast as regards the probability of licenses extension.

*Subject to compliance with necessary requirements and terms and conditions in the course of services provision the validity term of most of the licenses will be extended. The terms and conditions, and the possibility of licenses validity terms are connected with the licensee's operation without gross violations which is found out by regular checks of Gossvyaznadzor bodies. The Issuer estimates the possibility of basic licenses extension as quite high. The dates of the Issuer's obligations to create the subscribers' base were kept in accordance with the licenses terms and conditions.*

**1. For the licenses for communication services.**

*Upon the validity term expiry the licenses may be extended if all items of the license terms and conditions are observed, which is confirmed by the verification report of the territorial department of Rossvyaznadzor, by the extension of the validity term of permissions for radio frequencies authorization (if used), and if the appropriate application is filed to the licensor's address – Federal Agency for supervisory control in the area of communication. Due to the fact that the Law "On communication" in a new wording became effective, in order to get the license for providing communication services for TV broadcasting, radio broadcasting and broadcasting of additional information the applicant of the license must submit notarized copy of the license for broadcasting (MTVRB).*

The issuer's forecast as regards the probability of license extension: *positive*

**2. (for items 37-54 of the Table provided in this item) Licenses for broadcasting are extended on the basis of the verification report of DSSCI (department of state supervision over communication and informatization) confirming the compliance with the license terms and conditions and if the authorization documents on the possibility of radio frequency resource usage are available. The licenses are extended by Russian Federation Ministry of culture and mass communication.**

The issuer's forecast as regards the probability of license extension: *positive*

**3. Licenses for the activity listed in items 17 – 28 of the Table provided in this item are extended subject to timely submittal of documents package, as established by the law, to the licensor's address.**

**With the adoption of RF Government regulation on the approval of the list of services subject to licensing, the application was sent to cancel license № 11917.**

The issuer's forecast as regards the probability of license extension: *positive*

### **3.2.7. The issuer's joint activity.**

Information about joint activity that the issuer is carrying out with other organizations:

**For the reporting period the issuer did not carry out joint activity with other organizations.**

### **3.2.8. Additional requirements to the issuers being joint stock investment funds or insurance undertaking**

**3.2.8.1. The Issuer is not a joint stock investment fund.**

**3.2.8.2. The Issuer is not an insurance undertaking.**

### **3.2.9. Additional requirements to the issuers the core activity of which is mining operations**

**The Issuer does not mine mineral resources.**

**There are no affiliated (subsidiary) companies of the Issuer that are engaged in mining operations.**

### **3.2.10. Additional requirements to the issuers the core activity of which is communication services providing**

#### **a) Licenses for communication services provision**

Basic terms and conditions of licenses

##### **1) Terms and conditions of carrying out the activity in accordance with license № 23245.**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of local and intrazonal telephone communication of public communication network, and also the services of telephone communication by using technical facilities of communication intelligent network on the territories of the following Republics and oblasts: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.**

*The licensee must provide its network customers with the access to the services of DLD & ILD telephone communication of public communication network.*

*DLD & ILD telephone communication services are provided by using the licensee's technical facilities over public communication network via Automatic Trunk Line Exchange (ATLX) of corresponding geographical zone of numbering under contracts with OJSC "Rostelecom" – the operator of long distance and international communication of public communication network of Russian Federation.*

*Intrazonal telephone communication services provision is allowed over the licensee's communication network (inside the code of zone of geographical numbering ABC), if the calling and called users are the licensee's network users or are the users of the network having the connection only to the licensee's network.*

*Provision of local and intrazonal communication services, as per this license, by using microwave radio systems, is allowed upon obtaining the permission of using the operation frequencies in accordance with the industry regulatory documents.*

*It is allowed to use, at the subscriber's section, radio extenders and radio access equipment if required frequency resource is available, this resource is allocated, as per the established procedure, by the state radio frequency service with Russian Federation Ministry for communication and informatization.*

The license validity term: *till 04.10.2012*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:

*In accordance with item 22 of the license terms and conditions the operator is obliged to provide inquiry services to the subscribers on the licensed territory. When a subscriber is allocated the directory number it is automatically registered in the subscribers' database.*

*In accordance with the Law "On communication" the data about the subscribers for providing inquiry services, including for preparation and distribution of information, are provided only with the subscriber's consent and in cases stipulated by RF federal laws.*

The dates of performance of the specified obligations: *there are no requirements to the dates of database creation. From the start of services provision of granting access to PSTN the data about the subscriber are shown in public database of subscribers of the operator.*

The level of the issuer's performance of the specified obligations: *in accordance with scheduled check of supervisory bodies the license's terms and conditions are currently observed.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

## **2) Terms and conditions of carrying out the activity in accordance with license № 24345.**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of local, DLD & ILD telephone communication of public communication network at the territories of the following Republics and oblasts: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast, by using the network of*

*call offices and payphone network being created by the licensee.*

*The licensee's payphones and call offices are connected to local telephone networks at the level of subscriber units.*

*The licensee has the right to use communication channels and physical circuits of communication network of other operators on compensation basis in accordance with the Civil Code.*

The license validity term: *till 28.11.2007*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base: *Total installed capacity of the licensee's communication network is at least 19828 payphones, including:*

- On the territory of the Republic of Maryi El – at least 698 payphones;*
- On the territory of the Republic of Mordoviya – at least 640 payphones;*
- On the territory of the Republic of Udmurtiya – at least 2064 payphones;*
- On the territory of the Republic of Chuvashiya – at least 1621 payphones;*
- On the territory of Kirov oblast – at least 1940 payphones;*
- On the territory of Nizhny Novgorod oblast – at least 4361 payphones;*
- On the territory of Orenburg oblast - at least 2600 payphones;*
- On the territory of Penza oblast - at least 1320 payphones;*
- On the territory of Saratov oblast – at least 2264 payphones;*
- On the territory of Samara oblast – at least 733 payphones;*
- On the territory of Ulyanovsk oblast – at least 1587 payphones;*

The dates of performance of the specified obligations: *the specified quantity of payphones should be ensured on the date of the license validity term expiry, i.e. before 28.11.2007*

The level of the issuer's performance of the specified obligations: *during scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

### **3) Terms and conditions of carrying out the activity in accordance with license № 23241**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of data transfer of public communication network on the territory of Russian Federation subjects: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*Data transfer services are provided by using the licensee's data transfer network.*

*The installed subscriber capacity of the licensee's network should ensure the capability of connecting at least 77840 users by the license validity term expiry, including at least 42370 customers by the end of 2003.*

*The licensee has the right to connect the data transfer equipment to public telephone*

*communication network, to the part of "Iskra" network used for commercial purposes, and to Switched telegraph service/Telex telegraph network, and also has the right to use communication channels and physical circuits of public communication network.*

*The licensee's data transfer equipment connection to public communication telephone network, to the part of "Iskra" network used for commercial purposes, and to Switched telegraph service/Telex telegraph network is made only with the rights of subscriber units.*

The license validity term: *till 01.08.2007*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:

*The installed subscriber capacity of the licensee's network should ensure the capability of connecting at least 77840 users by the license validity term expiry, including at least 42370 customers by the end of 2003.*

The dates of performance of the specified obligations: *till 01.08.2007*

The level of the issuer's performance of the specified obligations: *during scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **4) Terms and conditions of carrying out the activity in accordance with license № 23721**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of audio programs broadcasting over the wire broadcast network on the territory of the following Russian Federation subjects: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*The licensee's network is designed for broadcasting of audio programs of All-Russia and state regional companies.*

*Broadcasting of other programs is possible with the availability of license for TV-radio broadcasting and appropriate contract with licensee-broadcaster.*

The license validity term: *till 12.09.2007*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base: *There are no such obligations.*

The dates of performance of the specified obligations: *There are no specified obligations.*

The level of the issuer's performance of the specified obligations: *There are no specified obligations.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **5) Terms and conditions of carrying out the activity in accordance with license № 23244**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of cellular radiotelephone communication of public communication network by using GSM standard equipment in frequency range of 900/1800 MHz on the territory of the Republic of Mariy El.*

*Cellular communication services are provided by using the licensee's communication network, which should be a part of unified cellular network of Russian Federation – Personal Communication Network-900 (PCN-900);*

*PCN-900, being created by the licensee, is connected to Russian Federation public communication network at long distance service level in accordance with General diagram of creating and phase-by-phase development of Russia's federal network of public mobile radio telephone communication of GSM standard.*

The license validity term: *till 17.03.2010*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:

*The subscribers' database is created since the time of cellular communication services provision contract conclusion as the subscribers gets the access to the service after its registration in the network's base.*

The dates of performance of the specified obligations: *It is created simultaneously since the time of contracts conclusion with the subscriber.*

The level of the issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **6) Terms and conditions of carrying out the activity in accordance with license № 24343**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of mobile radio telephone communication of public communication network on the territory of cities and towns: Penza, Kamenka of Penza oblast; Samara, Pokhvistnevo, Syzran, Zhigulevsk, Toliyatti, Novokuibyshevsk, airport "Kuruchom" of Samara oblast; Saransk of the Republic of Mordoviya; Nizhny Novgorod, Sergach, Arzamas, Kstovo, Dzerzhinsk, Gorodets, Bor, Balakhna of Nizhny Novgorod oblast; Saratov, Balashov of Saratov oblast; Kirov, Raduzhnyi settlement of Kirov oblast.*

*The maximum number of the licensee's communication network subscribers - 4550.*

*The licensee's communication network is created by using radio telephone communication*

*equipment operating in the frequency range 330 MHz, 161,500 MHz /156,900 MHz, 161,725/157,125 MHz, 160,875/156,275 MHz, 160,950/156,350 MHz, 161,575/156,975 MHz, 161,650/157,050 MHz.*

*The licensee's connection is allowed at the level of local telephone network as per the technical requirements of operators having the license for local telephone communication services provision.*

The license validity term: *till 28.11.2005*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base: *There are no specified obligations.*

The dates of performance of the specified obligations: *There are no specified obligations.*

The level of the issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **7) Terms and conditions of carrying out the activity in accordance with license № 23246**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide local, long distance channels and communication paths, channels of TV programs broadcasting and audio broadcasting, physical circuits to the customers for communication signals transmission on the territories of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*Provision of channels, communication paths and physical circuits to customers is allowed for organization of communication networks if their owners have appropriate licenses of Russian Federation Ministry for communication and informatization (Russian Federation Ministry of communication, Russian Federation State committee for communication and informatization, Russian Federation State committee for telecommunications), and also for organization of subscriber lines in order to get access to different communication networks in accordance with the rules of their construction and for internal production networks not providing communication services on compensation basis, including those having the output port to public communication network.*

*Provision of communication channels and physical circuits is allowed for organization of subscriber and trunk lines of local telephone networks only within the limits of the territory of corresponding geographical zones of ABC ab numbering.*

The license validity term: *till 12.09.2007*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:



**Total number of organized by the licensee tone frequency channels, main digital channels, including in digital paths setup – at least 25895.**

**By the end of the third year of the activity, the licensee must ensure the capability of organizing at least 70% of communication channels of the specified quantity.**

The dates of performance of the specified obligations: **the third year of the activity**

The level of the issuer's performance of the specified obligations: **During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.**

Factors that may negatively affect the issuer's performance of its obligations under this license: **occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**

**8) Terms and conditions of carrying out the activity in accordance with license № 23243**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of telegraph communication (receive, transmit and delivery of telegrams, Switched telegraph service/Telex network services) on the territory of the following Republics and oblasts: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.**

**Telegraph communication services are provided by using the licensee's technical facilities. The installed capacity of telegraph facilities of switching and transmission belonging to the licensee should ensure the capability of complete satisfaction of the needs for telegraph communication services on the licensed territory.**

The license validity term: **till 14.11.2007**

Terms and conditions, and the possibility of the license validity term extension:

**Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.**

The issuer's obligations in accordance with the specified license to create the subscribers' base: **There are no specified obligations.**

The dates of performance of the specified obligations: **There are no specified obligations.**

The level of the issuer's performance of the specified obligations: **During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.**

Factors that may negatively affect the issuer's performance of its obligations under this license: **occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**

**9) Terms and conditions of carrying out the activity in accordance with license № 23240**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of telematic services of public communication network (e-mail services, information resources access services, facsimile messages services, information-reference services, voice information transmit services, audio conferences services, video conferences services) on the territory of the following Republics and oblasts: the Republic of Maryi El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.**

**The services are provided by using the licensee's technical facilities of telematic services.**

The license validity term: *till 01.08.2007*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:

*Installed subscriber capacity of the licensee's telematic services should ensure the capability of connecting at least 191000 users by the license validity term expiry, including at least 99200 users by the end of 2003.*

*Carrying capacity of the licensee's telematic service for voice information transmission should ensure the capability of organizing at least 5 simultaneous conversations by the license validity term expiry, including at least 3 simultaneous conversations by the end of 2003.*

*The number of users capable to participate simultaneously in audio conferencing and video conferencing sessions is at least 2 persons.*

*The number of connected to the lines by the license validity term expiry is at least 328, including at least 150 by the end of 2003.*

The dates of performance of the specified obligations: *before 01.08.2007*

The level of the issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **10) Terms and conditions of carrying out the activity in accordance with license № 23242**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of cellular radio telephone communication of public communication network in the frequency range of 450 MHz at the territory of Samara oblast.*

*Cellular communication services are provided by using the licensee's communication network, which should be a part of unified cellular network of Russian Federation – Personal Communication Network 450.*

The license validity term: *till 01.02.2006*

Terms and conditions, and the possibility of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.*

The issuer's obligations in accordance with the specified license to create the subscribers' base:

*The network installed capacity, coverage percentage, if sufficient frequency resources are allocated, should be at least:*

*In 2004 - 9000 numbers - 50%;*

*In 2006 – 10000 numbers - 60%;*

The dates of performance of the specified obligations: *due to the adoption of RF Government Regulation №87 of 18.02.2005 "Standard requirements to communication operators activity" the requirements to installed capacity of network are not stipulated, so the performance of this item does not result in the operator's responsibility*

The level of the issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license:

***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

**11) Terms and conditions of carrying out the activity in accordance with license № 27602**

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of digital cellular radio telephone communication of public communication network in the frequency range of 450 MHz, on the basis of IMT-MC-450 technology, at the territory of Samara oblast.***

***Digital cellular radio telephone communication services are provided by using the licensee's communication network, which is a part of federal cellular network of Russian Federation, on the basis of IMT-MC-450 technology.***

***The licensee should, for account of its own resources, ensure phase-by-phase disengagement of the spectrum of frequencies 453,00...457,4 MHz/463,0...467,4MHz.***

The license validity term: ***till 18.08.2013***

Terms and conditions, and the possibility of the license validity term extension:

***Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.***

The issuer's obligations in accordance with the specified license to create the subscribers' base:

***The network installed capacity on the territory specified in the license should be per year at least (as of 31.12.):***

***In 2006 – 5000 numbers;***

***In 2009 - 10000 numbers;***

***In 2013 – 20000 numbers;***

The dates of performance of the specified obligations: ***31.12.06, 31.12.09, 31.12.13***

The level of the issuer's performance of the specified obligations: ***During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.***

Factors that may negatively affect the issuer's performance of its obligations under this license:

***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

**12) Terms and conditions of carrying out the activity in accordance with license**

***№№27620, 32182, 25379, 32183, 26974, 20830, 17234, 30356, 31760***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of broadcasting TV and audio programs over cable TV networks on the territories of towns – Syzran, Toliyatti, Samara city of Samara oblast; Yoshkar-Ola town of the Republic of Maryi El; Orenburg city of Orenburg oblast; Cheboksary town of Chuvash Republic; Nizhny Novgorod city of Nizhny Novgorod oblast; Saratov city of Saratov oblast; Saransk town of the Republic of Mordoviya, Kirov city of Kirov oblast.***

***The customers should be provided with the broadcasting of All-Russia TV broadcasting organizations and state regional TV-radio companies programs being on the air. The broadcasting of other TV (audio) programs is possible if the license for TV-radio broadcasting and the related contract with the licensee-broadcaster are available.***

The license validity term: ***till 18.08.2006, 27.06.2010, 14.03.2006, 08.06.2010, 23.05.2006, 18.01.2007, 25.01.2006, 31.12.2006, 26.05.2010 correspondingly***

Terms and conditions, and the possibility of the license validity term extension:

***Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.***

The issuer's obligations in accordance with the specified license to create the subscribers' base:

***There are no specified obligations.***

The dates of performance of the specified obligations: ***There are no specified obligations.***

The level of the issuer's performance of the specified obligations: ***There are no specified obligations.***

Factors that may negatively affect the issuer's performance of its obligations under this license: ***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

***13) Terms and conditions of carrying out the activity in accordance with license №№ 31291, 16383, 15426, 23264, 25357, 19983, 17571, 23257, 31759***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of broadcasting TV and audio programs at the territories of Kirov, Samara, Nizhny Novgorod, Orenburg oblasts and at the Republic of Mordoviya.***

***The licensee should provide the customers with the communication services meeting the quality standards and technical norms.***

***The use of technical communication facilities is allowed, if the permission for their operation is available from the state service supervising communication in Russian Federation.***

The license validity term: ***till 05.04.2008, 17.10.2005, 19.05.2005 (the application for the extension was files – the license is in the course of execution), 20.05.2007, 14.03.2006, 08.11.2006, 15.03.2006, 01.08.2005 (the application for the extension was files – the license is in the course of execution), 11.05.2010 correspondingly.***

Terms and conditions, and the possibility of the license validity term extension:

***Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.***

The issuer's obligations in accordance with the specified license to create the subscribers' base:

***There are no specified obligations.***

The dates of performance of the specified obligations: ***There are no specified obligations.***

The level of the issuer's performance of the specified obligations: ***There are no specified obligations.***

Factors that may negatively affect the issuer's performance of its obligations under this license: ***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

***14) Terms and conditions of carrying out the activity in accordance with license № 24344***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of personal radio call on the territory of Saransk town, Ruzaevka town, settlement Atyurievo, village Sarast of the Republic of Mordoviya; Ulyanovsk city, Dimitrovgrad town, settlement Veshkaima of Ulyanovsk oblast; Orenburg city of Orenburg oblast, including with channel multiplexing of FM VHF network in Orenburg city.***

**Maximum number of the network subscribers is 13800.**

**The network is organized by using the frequencies allocated by Federal State Unitary Enterprise "Main radio frequency center".**

The license validity term: **till 28.11.2005.**

Terms and conditions, and the possibility of the license validity term extension:

**Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.**

The issuer's obligations in accordance with the specified license to create the subscribers' base:

**The number of subscribers under the license with non-multiplexing of FM VHF network is at least 1500.**

The dates of performance of the specified obligations: **During the license validity term.**

The level of the issuer's performance of the specified obligations: **There are no specified obligations.**

Factors that may negatively affect the issuer's performance of its obligations under this license:

**occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**

#### **15) Terms and conditions of carrying out the activity in accordance with license № 26275**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of mobile radio communication at the territory of Yoshkar-Ola town of the Republic of Mari-El.**

**Maximum number of the licensee's network subscribers -500.**

**The network is created by using radio equipment the operation of which is possible with the availability of permissions from state agencies supervising communication and informatization.**

**Connection to the public communication network is not allowed.**

The license validity term: **till 23.05.2006**

Terms and conditions, and the possibility of the license validity term extension:

**Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the possibility of the license validity term extension is positive.**

The issuer's obligations in accordance with the specified license to create the subscribers' base:

**There are no specified obligations.**

The dates of performance of the specified obligations: **There are no specified obligations.**

The level of the issuer's performance of the specified obligations: **There are no specified obligations.**

Factors that may negatively affect the issuer's performance of its obligations under this license:

**occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**

**There are no other factors that may negatively affect the performance of obligations under the licenses, as all the requirements are set in accordance with legislative and normative acts of current legislation in communication area. Subject to timely filing of application for license validity term extension and compliance with all requirements defined by enclosure to the license, the license is issued for a new term. The factor constraining the performance of license terms and conditions is the lack of normative base regulating the procedure of obtaining licenses for communication services.**

**The issuer's obligations for creation of subscribers' base are defined by the appropriate item of the enclosure to the license, where the number of subscribers is shown by the end of the**

*license validity term. There are no such obligations under the licenses for provision of services of on-air TV and radio broadcasting programs. However, the figure shown in the license is a predicted value and non-performance of this figure by the operator not exceeding 25% of this value will not result in the license cancellation.*

**Permission for utilization of OJSC “VolgaTelecom” communications electronics**

Territory	Permission for utilization of radio frequency spectrum	Validity term	Miscellaneous
Saratov city, Base Station-4	№ 14-06-21/20029 of 24.04.2003	25.11.2005	330MHz
Balashov town	№ 14-06-21/2046 of 09.01.2003	08.12.2007	330MHz
Saratov city, BS-1,2,3	№ 14-06-21/2045 of 09.01.2003	08.12.2007	330MHz
Saratov city	№ 1029224 of 26.08.2003	Till 25.11.2005	330MHz
Settlement Karakuduk, settlement Veselyi, settlement Akbulak of Orenburg oblast	№ 56-876-150 of 14.07.2004	Till 14.07.2005	330MHz
Village Troitskoe of Orenburg oblast	№ 56-876-152 of 14.07.2004	Till 14.07.2005	330MHz
Settlement Suvorovskiyi, settlement Druzhnyi of Orenburg oblast	№ 56-876-151 of 14.07.2004	Till 14.07.2005	330MHz
Kirov city BS-1 Settlement Raduzhnyi BS-2	№ 14-06-21/2048 of 09.01.2003	08.12.2007	330MHz
Kirov city BS-1,2	№ 14-06-21/2047 of 09.01.2003	08.12.2007	330MHz
Kirov city	№ 1022733 of 30.04.2003		159-161MHz
Samara city BS-1,2,3,4,5,6,7, Pokhvistnevo town BS- 8, Syzran town BS- 9, Zhigulevsk town BS-10	№ 14-06-21/791 of 09.01.2003	08.12.2007	330MHz
Samara city BS-1,2,3,4, Settlement Bereza BS-5, Syzran town BS-6,7 Novokuibyshevsk town BS-8, Toliyatti town BS-9,10	№ 14-06-21/790 of 09.01.2003	08.12.2007	330MHz
Saransk town BS-1,2	№ 14-06-21/792 of 09.01.2003	08.12.2007	330MHz
Kamenka town BS-1	№ 14-06-21/789 of 09.01.2003	08.12.2007	330MHz
Penza city BS-1,2	№ 14-06-21/875 of 09.01.2003	08.12.2007	330MHz
Kstovo town BS-5	№ 14-06-21/56677 of 31.12.2002	02.12.2007	330MHz

Dzerzhinsk town BS-1	№ 14-06-21/56675 of 31.12.2002	02.12.2007	330MHz
Nizhny Novgorod city BS-1,2,3	№ 14-06-21/56681 of 31.12.2002	02.12.2007	330MHz
Sergach town BS-1	№ 14-06-21/56679 of 31.12.2002	02.12.2007	330MHz
Arzamas town BS-1	№ 14-06-2002 of 31.12.2002	02.12.2007	330MHz
Yoshkar-Ola town	№ 081-05-02/26314 of 02.06.2003	10.01.2008	156-160MHz
Yoshkar-Ola town BS- 4	№ 17-05-30/19946 of 24.04.2003	16.04.2008.	890-915MHz
Volzhsk town Kozmodemiyansk town, settlement Kokshaisk, sanatorium “Klenovaya gora”	№ 17-05-30/20405 of 24.04.2003	16.04.2008	935-960MHz
The Republic of Maryi El	№ 04-005409 of 31.12.2004	31.12.2014	890-915MHz 935-960MHz
Samara oblast Syzran town, BS-11 Samara city, BS-1,3,4 Toliyatti town, BS-8,9,10 Otradnyi town, BS-16 Novokuibyshevsk town, BS-18 Pokhvistnevo town, BS-21 Settlement Bereza, BS-7 Krasnyi Yar town, BS-38 Bezenchuk town, BS-20 Sergievsk town, BS-22 Neftegorsk town, BS-23 Settlement Shigony, BS-24 Settlement Bolshaya Glushitsa, BS-25 Village Khvorostiyanka, BS-32 Chapaevsk town, BS-17. Kinel town, BS-19 Settlement Vintai, BS-28	№ 083-03-02/27506 of 06.06.2003	Till 01.02.2006	453- 457,5MHz/ 463- 467,5MHz
Samara oblast BS-5	№ 04-002741 of 09.12.2004	Till 29.07.2005	463,0- 467,4MHz/ 453,0- 457,4MHz
Samara oblast BS-1, 2, 3, 6, 8, 10, 14, Otr1	№ 04-002681 of 09.12.2004	Till 29.12.2014	463,0- 467,4MHz/ 453,0- 457,4MHz
The Republic of Maryi El	17-05-30/22008 of 07.05.2003	5.11.2003	890-915MHz 935-960MHz
The Republic of Maryi El	№ 1024077 of 16.12.2003	12.12.2008	890-915MHz 935-960MHz
The Republic of Maryi El	№ 03-12026 of 24.12.2003	20.12.2008	890-915MHz 935-960MHz

The Republic of Maryi El	№ 04-001064 of 12.10.2004	11.10.2014	1805,0- 1880,0/ 1710,0- 1785,0
Dimitrovgrad town, BS1 Settlement Veshkaima BS2 Ulyanovsk city BS3	№ 14-10-20/55245 of 18.12.2002	17.12.2005	160MHz
Settlement Veshkaima	№ 14-10-20/15924 of 31.03.2003	17.12.2005.	160MHz
Saransk town BS-1 Settlement Atyurievo BS-2 Ruzaevka town BS-3 Sarask village BS-4	№ 14-10-20/55243 of 18.12.2002	17.12.2005	160MHz
Orenburg city	№ 14-10-20/55244 of 18.12.2002	17.12.2005	160MHz
Alexandrovka	№ 03-03233 of 16.10.2003 № 03-01978 of 09.10.2003	01.08.2005 01.08.2005	7TV CHANNEL 3TV CHANNEL
Aidyrylya	№ 03-03212 of 20.10.2003	01.08.2005	29TV CHANNEL
Asekeevo	№ 1006152 of 12.11.2003	01.08.2005	34TV CHANNEL
Andreevka	№ 03-06601 of 12.11.2003 № 03-06602 of 12.11.2003	01.08.2005	21TV CHANNEL 31TV CHANNEL
Alexeevka	№ 03-03239 of 16.10.2003 № 03-03241 of 16.10.2003 № 03- 06539 of 12.11.2003	01.08.2005 01.08.2005 01.08.2005	5TV CHANNEL 10TV CHANNEL 28TV CHANNEL
Aksakovo	№ 03-01977 of 09.10.2003	01.08.2005	10TV CHANNEL
Abdulino	№ 03-06505 of 12.11.2003	01.08.2005	6TV CHANNEL
Blagodarnoe	№ 03-06752 of 12.11.2003	01.08.2005	12TV CHANNEL
Borodinskoe	№ 1029897 of 16.10.2003	01.08.2005	3TV CHANNEL
Buzuluk	№ 03-06529 of 05.11.2003 № 03-06603 of 05.11.2003	01.08.2005	4TV CHANNEL 31TV CHANNEL
Buguruslan	№1009852 of 05.11.2003	01.08.2005	49TV CHANNEL
Balandino	№ 03-06751 of 12.11.2003	01.08.2005	3TV CHANNEL
Bestuzhevka	№ 03-03236 of 16.10.2003	01.08.2005	2TV CHANNEL
Burtinskyi	№ 03-06449 of 05.11.2003	01.08.2005	29TV CHANNEL



Buzuluk	№ 03-06529 of 05.11.2003	01.08.2005	4TV CHANNEL
Veselyi	№ 03-03215 of 20.10.2003	01.08.2005	21TV CHANNEL
Vasilievka	№ 03-06553 of 25.11.2003 № 03-06552 of 25.11.2003	01.08.2005	35TV CHANNEL 23TV CHANNEL
Verkhnebuzulukskiy	№ 03-06697 of 12.11.2003 № 03-06698 of 12.11.2003	01.08.2005	3TV CHANNEL 8TV CHANNEL
Vozdvizhenka	№ 03-06700 of 05.11.2003	01.08.2005	2TV CHANNEL
Vyazovoe	№ 03-06701 of 05.11.2003	01.08.2005	9TV CHANNEL
Gamaleevka	№ 03-01979 of 09.10.2003	01.08.2005	2TV CHANNEL
Gerasimovka	№ 03-01975 of 09.10.2003	01.08.2005	7TV CHANNEL
Georgievka	№ 03-01976 of 09.10.2003	01.08.2005	3TV CHANNEL
Grachevka	№ 03-06538 of 12.11.2003	01.08.2005	21TV CHANNEL
Dobrinka	№ 03-01980 of 09.10.2003	01.08.2005	8TV CHANNEL
Dmitrovskiy	№ 03-06513 of 05.11.2003	01.08.2005	35TV CHANNEL
Emelyanovka	№ 03-03224 of 20.10.2003	01.08.2005	36TV CHANNEL
Efimovka	№ 03-06745 of 05.11.2003	01.08.2005	3TV CHANNEL
Ilek	№ 03-03208 of 20.10.2003 № 03-03211 of 20.10.2003	01.08.2005 01.08.2005	3TV CHANNEL 27TV CHANNEL
Ivanovka	№ 03-01867 of 08.10.2003	01.08.2005	9TV CHANNEL
Zarechnoe	№ 03-01982 of 09.10.2003 № 03-01984 of 09.10.2003	01.08.2005 01.08.2005	2TV CHANNEL 9TV CHANNEL
Zapadnyi	№ 03-01991 of 09.10.2003	01.08.2005	12 TV CHANNEL
Zelenyi dol	№ 03-01865 09.10.2003	01.08.2005	6TV CHANNEL
Zagorie	№ 03-05010 of 23.10.2003	01.08.2005	2TV CHANNEL
Zatonnyi	№ 03-06597 of 05.11.2003	01.08.2005	6TV CHANNEL
Zhirnov	№ 03-01981 of 09.10.2003	01.08.2005	10TV CHANNEL

Komissarovo	№ 03-01974 of 09.10.2003 № 03-01973 of 09.10.2003	01.08.2005 01.08.2005	8TV CHANNEL 6TV CHANNEL
Koptyazhevo	№ 03-05013 of 23.10.2003	01.08.2005	6TV CHANNEL
Kinzelka	№ 03-01934 of 09.10.2003	01.08.2005	2TV CHANNEL
Kinzelka	№ 04-001075 of 04.11.2004	03.11.2014	7TV CHANNEL
Koskul	№ 03-01988 of 09.10.2003	01.08.2005	9TV CHANNEL
Kvarkeno	№ 1009352 of 20.10.2003	01.08.2005	31TV CHANNEL
Kyzyl-Mechet	№ 03-03229 of 16.10.2003 № 03-03231 of 16.10.2003	01.08.2005	9TV CHANNEL 5TV CHANNEL
Kozlovka	№ 03-01858 of 08.10.2003	01.08.2005	9TV CHANNEL
Kinzelka	№04-001075 of 04.11.2004.	03.11.2014	7TV CHANNEL
Krasnyi Yar	№ 03-06595 of 05.11.2003	01.08.2005	10TV CHANNEL
Kulagino	№ 03-01866 of 08.10.2003 № 03-06508 of 05.11.2003	01.08.2005	9TV CHANNEL 12TV CHANNEL
Kovylyaevka	№ 03-01881 of 08.10.2003 № 03-01880 of 09.10.2003	01.08.2005	8TV CHANNEL 2TV CHANNEL
Kammenoimangulovo	№ 03-01869 of 08.10.2003 № 03-01870 of 08.10.2003	01.08.2005	9TV CHANNEL 7TV CHANNEL
Kutluevo	№ 03-01864 of 09.10.2003	01.08.2005	6TV CHANNEL
Kuvandyk	№ 03-06562 of 15.11.2003	01.08.2005	5TV CHANNEL
Kusem	№ 03-01882 of 09.10.2003	01.08.2005	5TV CHANNEL
Kurtashka	№ 03-01883 of 09.10.2003	01.08.2005	3TV CHANNEL
Kulchum	№ 03-06703 of 05.11.2003	01.08.2005	4TV CHANNEL
Linevka	№ 03-03218 of 20.10.2003	01.08.2005	6TV CHANNEL
Luybimovka	№ 03-01873 of 09.10.2003	01.08.2005	3TV CHANNEL
Mordovskiy Buguruslan	№ 03-01894 of 09.10.2003 № 03-01896 of 09.10.2003	01.08.2005	8TV CHANNEL 6TV CHANNEL

Mikhailovka-2	№ 03-01969 of 09.10.2003	01.08.2005	2TV CHANNEL
Mustaev	№ 03-01965 of 09.10.2003 № 03-01968 of 09.10.2003	01.08.2005	2TV CHANNEL 12TV CHANNEL
Miroshkino	№ 03-01937 of 09.10.2003	01.08.2005	5TV CHANNEL
Malaya Remizena	№ 03-01971 of 09.10.2003 № 03-01972 of 09.10.2003 № 03-01992 of 09.10.2003	01.08.2005	4TV CHANNEL 7TV CHANNEL 9TV CHANNEL
Matveevka	№ 03-01898 of 09.10.2003 № 03-01900 of 09.10.2003	01.08.2005	12TV CHANNEL 4TV CHANNEL
Mustaev	№ 03-01968 of 09.10.2003	01.08.2005	12TV CHANNEL
Mezhdurechie	№ 03-05015 of 23.10.2003	01.08.2005	2TV CHANNEL
Mochegai	№ 03-05016 of 23.10.2003	01.08.2005	5TV CHANNEL
Martynovka	№ 03-05001 of 23.10.2003	01.08.2005	4TV CHANNEL
Nazarovka	№ 03-06549 of 12.11.2003	01.08.2005	8TV Channel
Novobogorodskoe	№ 03-06559 of 15.11.2003	01.08.2005	38TV CHANNEL
Novosergeevka	№ 11-09-20/6283 of 06.02.2003 № 03-06514 of 12.11.2003	01.08.2005	32TV CHANNEL 3TV CHANNEL
Novoselki	№ 03-06600 of 05.11.2003	01.08.2005	10TV CHANNEL
Novokamenka	№ 03-06511 of 05.11.2003	01.08.2005	36TV CHANNEL
Noikono	№ 03-01916 of 09.10.2003	01.08.2005	3TV CHANNEL
Novouzely	№ 03-01935 of 09.10.2003	01.08.2005 01.08.2005	3TV CHANNEL 7TV CHANNEL
Nesterovka	№ 03-01904 of 09.10.2003	01.08.2005	2TV CHANNEL
Novoyulaska	№ 03-01905 of 09.10.2003	01.08.2005	11TV CHANNEL
Novospasskoe	№ 03-01970 of 09.10.2003	01.08.2005	7TV CHANNEL 8TV CHANNEL
Nesterovka	№ 03-01903 of 09.10.2003	01.08.2005	4TV CHANNEL

Nizhnokristalka	№ 03-01908 of 09.10.2003	01.08.2005	4TV CHANNEL
Novovasilievka	№ 03-04976 of 20.10.2003	01.08.2005	8TV CHANNEL
Novonikolskoe	№ 03-01915 of 09.10.2003	01.08.2005	4TV CHANNEL
Novoiletsk	№ 03-01918 of 09.10.2003	01.08.2005	7TV CHANNEL
Novomariievka	№ 03-01939 of 09.10.2003	01.08.2005	7TV CHANNEL
Nevezhkino	№ 03-01946 of 09.10.2003	01.08.2005	7TV CHANNEL
Nevezhkino	№ 03-01943 of 09.10.2003	01.08.2005	9TV CHANNEL
Novomusino	№ 03-01919 of 09.10.2003	01.08.2005	9TV CHANNEL
Novonikolskoe	№ 03-01909 of 09.10.2003	01.08.2005	9TV CHANNEL
Nizhnokristalka	№ 03-01907 of 09.10.2003	01.08.2005	9TV CHANNEL
N. Gumbet	03-06504 of 11.11.2003	01.08.2005	27TV CHANNEL
Nikolskoe	№ 03-06556 of 15.11.2003 № 03-06555 of 15.11.2003	01.08.2005	23TV CHANNEL 37TV CHANNEL
Revolutsionnyi	№ 03-06551 of 25.11.2003	01.08.2005	29TV CHANNEL
Russkyi Kandyz village	№ 11-09-20/3808 of 29.01.2003	01.08.2005	23TV CHANNEL
Russkyi Kandyz village	№ 1018601 of 26.06.2003	01.08.2005	25TV CHANNEL
Russkaya bokla	№ 03-04990 of 15.10.2003 № 03-06536 of 25.11.2003	01.08.2005	5TV CHANNEL 10TV CHANNEL
Ryabinnyi	№ 03-04992 of 15.10.2003	01.08.2005	5TV CHANNEL
Ranee	№ 03-04987 of 20.10.2003	01.08.2005	10TV CHANNEL
Rybkin	№ 03-04991 of 15.10.2003	01.08.2005	2TV CHANNEL
Rzhavka	№ 03-04989 of 15.10.2003 № 03-04988 of 15.10.2003	01.08.2005	3TV CHANNEL 5TV CHANNEL
Romashkino	№ 1029949 of 15.11.2003	01.08.2005	7TV CHANNEL
Samarkino	№ 03-06695 of 12.11.2003	01.08.2005	3TV CHANNEL
Sladkoe	№ 03-06598 of 05.11.2003	01.08.2005	10TV CHANNEL
Svetlyi	№ 03-06548 of 12.11.2003	01.08.2005	6TV CHANNEL

Sukhorechka village	№ 11-09-20/15565 of 31.03.2003	01.08.2005	12TV CHANNEL
Sovetskoe	№ 03-05000 of 23.10.2003 № 03-04996 of 23.10.2003	01.08.2005 01.08.2005	6TV CHANNEL 4TV CHANNEL
Staroe Tyurino	№ 03-04994 of 23.10.2003	01.08.2005	10TV CHANNEL
Stepanovka	№ 03-05011 of 23.10.2003	01.08.2005 01.08.2005	5TV CHANNEL 2TV CHANNEL
Staromukmenevo	№ 03-05004 of 23.10.2003	01.08.2005	2TV CHANNEL
Staroyashkino	№ 03-06686 of 05.11.2003	01.08.2005	3TV CHANNEL
Studeno	№ 03-05003 of 23.10.2003	01.08.2005	10TV CHANNEL
Stepnoi	№ 03-06746 of 05.11.2003	01.08.2005	9TV CHANNEL
Slonovka	№ 03-05017 of 23.10.2003	01.08.2005	10TV CHANNEL
Sverdlovskiy	№ 03-05008 of 23.10.2003 № 03-05009 of 23.10.2003	01.08.2005 01.08.2005	4TV CHANNEL 2TV CHANNEL
Sofievka	№ 03-06544 of 25.11.2003 № 03-06709 of 12.11.2003	01.08.2005	40TV CHANNEL 5TV CHANNEL
Oktayabrskoe	№ 03-04967 of 20.10.2003	01.08.2005	10TV CHANNEL
Ozernyi	№ 03-06750 of 05.11.2003	01.08.2005	10TV CHANNEL
Orenburg	№ 03-06753 of 12.11.2003 № 03-06755 of 12.11.2003	01.08.2005	24TV CHANNEL 31TV CHANNEL
Orsk	№ 03-06566 of 25.11.2003	01.08.2005	3TV CHANNEL
Otradnoe town	№ 11-05-20/21205 of 30.04.2003	17.10.2005	4TV CHANNEL
Obilnyi	№ 03-04966 of 15.10.2003	01.08.2005	9TV CHANNEL
Saransk town	№ 11-05-20/21269 of 05.05.2003	20.05.2005	2TV CHANNEL
Troitskoe	№ 03-06725 of 12.11.2003 № 03-06694 of 12.11.2003 № 03-06734 of 12.11.2003 № 03-06711 of 05.11.2003	01.08.2005	8TV CHANNEL 3TV CHANNEL 6TV CHANNEL 7TV CHANNEL

Tolkaevka	№ 03-06515 of 12.11.2003	01.08.2005	29TV CHANNEL
Tobolskyi	№ 03-06743 of 12.11.2003	01.08.2005	6TV CHANNEL
Timashevo	№ 03-06696 of 12.11.2003	01.08.2005	9TV CHANNEL
Podlesnoe	№ 03-04982 of 20.10.2003 № 03-04983 of 15.10.2003	01.08.2005 01.08.2005	6TV CHANNEL 9TV CHANNEL
Pilyugino	№ 03-06542 of 12.11.2003 № 1029940 of 12.11.2003	01.08.2005	26TV CHANNEL 40TV CHANNEL
Pashkino	№ 03-04973 of 15.10.2003	01.08.2005	9TV CHANNEL
Petrovka	№ 03-04971 of 15.10.2003	01.08.2005	2TV CHANNEL
Polibino	№ 03-04977 of 20.10.2003	01.08.2005	6TV CHANNEL
Pervoklassnoe	№ 03-04970 of 20.10.2003 № 03-04969 of 15.10.2003	01.08.2005 01.08.2005	4TV CHANNEL 7TV CHANNEL
Preobrazhenka	№ 03-04964 of 20.10.2003 № 03-04965 of 20.10.2003 № 03-04984 of 15.10.2003	01.08.2005 01.08.2005 01.08.2005	4TV CHANNEL 11TV CHANNEL 9TV CHANNEL
Privolnyi	№ 1006180 of 11.11.2003	01.08.2005	10TV CHANNEL
Pridolinnyi	№ 03-04985 of 20.10.2003	01.08.2005	1TV CHANNEL
Pobeda	№ 03-04980 of 20.10.2003. № 03-04979 of 15.10.2003	01.08.2005. 01.08.2005	4TV CHANNEL 7TV CHANNEL
Pavlovo-Antonovka	№ 03-04974 of 20.10.2003 № 03-04975 of 20.10.2003	01.08.2005 01.08.2005	11TV CHANNEL 8TV CHANNEL
Pervomaiskyi	№ 03-06748 of 12.11.2003 № 03-06528 of 05.11.2003 № 03-06749 of 12.11.2003	01.08.2005 01.08.2005	8TV CHANNEL 12TV CHANNEL 5TV CHANNEL
Pronkino	№ 03-06747 of 05.11.2003	01.08.2005	7TV CHANNEL
Putayatino	№ 03-06509 of 05.11.2003	01.08.2005	12TV CHANNEL

Uteevo	№ 03-06692 of 12.11.2003 № 03-06744 of 05.11.2003	01.08.2005	7TV CHANNEL 5TV CHANNEL
Settlement Uralskyi	№ 11-09-20/15569	01.08.2005	7TV CHANNEL
Uспенka	№ 03-06722 of 12.11.2003 № 03-06690 of 05.11.2003	01.08.2005	8TV CHANNEL 4TV CHANNEL
Khortista	№ 03-06737 of 12.11.2003 № 03-06739 of 12.11.2003	01.08.2005	3TV CHANNEL 2TV CHANNEL
Fedorovka	№ 03-06715 of 12.11.2003 № 03-06716 of 12.11.2003 № 03-06742 of 12.11.2003	01.08.2005	2TV CHANNEL 12TV CHANNEL 12TV CHANNEL
Chistopolie	№ 03-06721 of 12.11.2003	01.08.2005	4TV CHANNEL
Shirokoe	№ 03-06534 of 05.11.2003 № 03-06533 of 05.11.2003	01.08.2005	5TV CHANNEL 9TV CHANNEL
Shestakovka	№ 03-06530 of 05.11.2003 № 03-06531 of 05.11.2003	01.08.2005	11TV CHANNEL 3TV CHANNEL
Energetik	№ 03-06516 of 05.11.2003	01.08.2005	22TV CHANNEL
Yasnyi	№ 03-06564 of 25.11.2003	01.08.2005	12TV CHANNEL
Yafarovo	№ 03-06685 of 11.11.2003	01.08.2005	7TV CHANNEL
Yagodnoe	№ 03-06687 of 11.11.2003 № 03-06688 of 11.11.2003	01.08.2005	8TV CHANNEL 5TV CHANNEL
Yaman	№ 03-06689 of 11.11.2003	01.08.2005	6TV CHANNEL
Yasnogorskyi	№ 03-06447 of 05.11.2003	01.08.2005	37TV CHANNEL
Yakovlevka	№ 03-06707 of 05.11.2003 № 03-06708 of 05.11.2003	01.08.2005	6TV CHANNEL 4TV CHANNEL
Yashkino	№ 03-06704 of 05.11.2003 № 03-06705 of 05.11.2003	01.08.2005	11TV CHANNEL 9TV CHANNEL
Toliyatti town	№ 1026199 of 01.08.2003	14.03.2006	2500- 2700MHz

Syzran town	№1026207 of 01.08.2003	14.03.2006	2500-2700MHz
Settlement Voskresenskoe Settlement Sergach	№ 11-05-21/17350 of 09.04.2003	15.03.2006	73,58 72,02
Grachevka	№ 1007822 of 11.11.2003	01.08.2005	72,62
Ruzaevka town			67,46
Vyatskie polyany town		29.10.1999	67,91
Sovietsk town		12.01.2001	67,07
Yavas town		05.07.2001	67,67
Uni town		16.11.99	67,91
Settlement Nyr		04.12.2001	70,55
Sanchursk town		16.11.99	73,28
Kinel-Cherkasy town	№ 1005430 of 29.12.2003	08.11.2006	107,7
Syzran town	№ 1005442 of 29.12.2003	08.11.2006	73,1
Isakly town	№ 1009057 of 29.12.2003	08.11.2006	67,85
Vyatskie polyany town		08.09.2000	66,35
Syzran town  Khvorostyanka	№ 11-05-21/23231 of 16.05.2003	08.11.2006	68,39; 73,10 66,98; 66,20
Sorochinsk town	№ 1028143 of 25.09.2003	Till 20.03.2004	102MHz
Buzuluk town	№ 1005392 of 09.10.2003	01.08.2007	101,8MHz
Buguruslan town	№ 03-06606 of 05.11.2003	01.08.2005	102,8MHz
Pervomaiskiy	№ 1010916 of 08.10.2003	01.04.2004	103 MHz
Mary-Turek	№ 11-15-21/14081 of 25.03.2003		68,60MHz
Novosergievka	№ 1004922 of 12.11.2003	01.08.2005	105,6MHz
Oktayabrskoe	№ 03-00250 of 16.09.2003	10.09.2008	3160KHz, 4410KHz, 5030KHz, 5065KHz, 5310KHz, 7555KHz, 7605KHz, 10475KHz
Ardatov	№ 03-03685 of 31.10.2003	15.03.2006	70,67MHz
Arzamas	№ 03-03764 of 31.10.2003	15.03.2006	67,37MHz
Balakhna	№ 03-03688 of 31.10.2003	15.03.2006	69,78MHz
Bogorodsk	№ 1024920 of 31.10.2003	15.03.2006	70,79MHz
Bolshoe Boldino	№ 03-03691 of 31.10.2003	15.03.2006	71,03MHz
Bolshoe Murashkino	№ 03-03694 of 31.10.2003	15.03.2006	70,34MHz
Buturlino	№ 03-03695 of 31.10.2003	15.03.2006	70,91MHz
Vad	№ 03-03696 of 31.10.2003	15.03.2006	66,17MHz
Varnavino	№ 03-03697 of 31.10.2003	15.03.2006	67,31MHz
Vacha	№ 03-03698 of 31.10.2003	15.03.2006	66,65MHz
Vetluga	№ 03-08187 of 31.10.2003	15.03.2006	70,91MHz
Voznesenskoe	№ 03-03701 of 31.10.2003	15.03.2006	68,72MHz
Vorotynets	№ 03-03702 of 31.10.2003	15.03.2006	66,74MHz
Voskresenskoe	№ 1021192 of 31.10.2003	15.03.2006	73,58MHz



Vyksa	№ 03-03761 of 31.10.2003	15.03.2006	68,93MHz
Gagino	№ 03-03704 of 31.10.2003	15.03.2006	73,97MHz
Gorodets	№ 03-03706 of 31.10.2003	15.03.2006	70,94MHz
Diveevo	№ 03-03710 of 31.10.2003	15.03.2006	69,8MHz
Konstantinovo	№ 03-03707 of 31.10.2003	15.03.2006	73,58MHz
Krasnye baki	№ 03-03762 of 31.10.2003	15.03.2006	66,86MHz
Knayaginino	№ 03-03711 of 31.10.2003	15.03.2006	73,85MHz
Kstovo	№ 03-03712 of 31.10.2003	15.03.2006	73,97MHz
Kulebaki	№ 03-03713 of 31.10.2003	15.03.2006	72,17MHz
Lukoayanov	№ 03-03714 of 31.10.2003	15.03.2006	68,87MHz
Lyskovo	№ 03-03717 of 31.10.2003	15.03.2006	70,43MHz
Navashino	№ 03-03719 of 31.10.2003	15.03.2006	67,25MHz
Nizhny Novgorod	№ 03-03720 of 31.10.2003	15.03.2006	102,4MHz
Pavlovo	№ 1027683 of 31.10.2003	15.03.2006	69,8MHz
Pervomaisk	№ 03-03737 of 31.10.2003	15.03.2006	67,51MHz
Perevoz	№ 03-03738 of 31.10.2003	15.03.2006	73,16MHz
Pilna	№ 03-03739 of 31.10.2003	15.03.2006	73,1MHz
Pochinki	№ 03-03740 of 31.10.2003	15.03.2006	68,48MHz
Rabotki	№ 03-03743 of 31.10.2003	15.03.2006	69,77MHz
Semenov	№ 1024922 of 31.10.2003	15.03.2006	67,43MHz
Sergach	№ 1021194 of 31.10.2003	15.03.2006	72,02MHz
Sechenovo	№ 03-03745 of 31.10.2003	15.03.2006	68,72MHz
Sokolskoe	№ 03-03746 of 31.10.2003	15.03.2006	66,92MHz
Sosnovskoe	№ 03-03747 of 31.10.2003	15.03.2006	70,37MHz
Spasskoe	№ 03-03748 of 31.10.2003	15.03.2006	70,73MHz
Tonkino	№ 03-03750 of 31.10.2003	15.03.2006	67,22MHz
Shakhuniaya	№ 03-03760 of 31.10.2003	15.03.2006	68,54MHz
Shatki	№ 03-03759 of 31.10.2003	15.03.2006	67,85MHz
Sharanga	№ 03-03758 of 31.10.2003	15.03.2006	66,44MHz
Chkalovsk	№ 03-03757 of 31.10.2003	15.03.2006	69,83MHz
Uren	№ 03-03755 of 31.10.2003	15.03.2006	68,84MHz
Urazovka	№ 03-03754 of 31.10.2003	15.03.2006	70,1MHz
Tonshaevo	№ 03-03752 of 31.10.2003	15.03.2006	70,43MHz
Settlement Pinyug – settlement Podosinovets Microwave Radio (MWR)-1393	№ 15-19-18/2523 of 17.01.2003	14.01.2008	7-8GHz
Settlement Pinyug – settlement Podosinovets	№ 1016263 of 24.07.2003	20.07.2008	7-8GHz
Village Rozhki – settlement Plotbishche MWR-4529	№ 15-19-18/1618 of 17.01.2003	14.01.2008	10-11GHz
Sovietsk town – settlement Kolyanur MWR-3013	№ 15-19-18/15847 of 31.03.2003	31.03.2008	10-11GHz
Settlement Orichi – settlement Adyshevo MWR-1750	№ 15-19-18/15846 of 31.03.2003	31.03.2008	10-11GHz
Kirov city – settlement Poroshino MWR- 3716	№ 15-19-18/15848 of 31.03.2003	31.03.2003	10-11GHz
Settlement Arbazh – settlement Tuzha MWR-0372	№ 15-19-18/7074 of 11.02.2003	01.01.2004	1700, 1800MHz

Malmyzh town – settlement Kilmez MWR-1980	№ 15-19-18/2152 of 20.01.2003	14.01.2008	7-8GHz
Settlement Bogorodskoe – settlement Uni MWR-0559	№ 15-19-18/2153 of 20.01.2003	31.12.2003	1700, 1800MHz
Settlement of urban type Darovskiy – settlement Vondanka MWR-3016	№ 15-19-18/332 of 08.01.2003	05.01.2008	10-11GHz
Kirs town – settlement of urban type Rudnichnyi MWR-4165	№ 15-19-18/331 of 08.01.2003	05.01.2008	10-11GHz
Settlement of urban type Rudnichnyi – settlement Loino MWR-4411	№ 15-19-18/330 of 08.01.2003	05.01.2008	10-11GHz
Yaransk town – settlement Sanchursk MWR-1979	№ 15-19-18/583 of 09.01.2003	04.01.2008	7-8GHz
Settlement Podosinovets – Luza town MWR-1981	№ 15-19-18/584 of 09.01.2003	04.01.2008	7-8GHz
Kirov city – settlement Raduzhnyi MWR-1842	№ 15-19-18/577 of 09.01.2003	05.01.2008	11GHz
Kirov city – settlement Malaya Subbotikha MWR- 1753	№ 15-19-18/579 of 09.01.2003	05.01.2008	10-11GHz
Village Stulovo – settlement Oktyabrskiy MWR-5077	№ 15-19-18/984 of 10.01.2003	09.01.2008	10-11GHz
Settlement Ivashevo – settlement of urban type Khristoforovo MWR-6379	№ 15-19-18/987 of 10.01.2003	09.01.2008	10-11GHz
“ATX-24- DSK” Kirov city MWR-4384	№ 15-19-18/988 of 10.01.2003	09.01.2008	10-11GHz
Novovyatsk – settlement Sidorovka Omutninsk – settlement Vostochnyi MWR-1755	№ 15-19-18/989 of 10.01.2003	09.01.2008	10-11GHz
Kirovochepetsk town – settlement Chuvashi MWR- 1752	№ 15-19-18/985 of 10.01.2003	09.01.2008	10-11GHz
Settlement Klyuchi – settlement Astrakhan MWR- 3213	№ 15-19-18/983 of 10.01.2003	09.01.2008	10-11GHz
Omutninsk town – settlement Peskovka MWR- 3012	№ 15-19-18/756 of 09.01.2003	08.01.2008	10-11GHz
Slobodskoi town – settlement Shestakovo MWR-1278	№ 15-19-18/755 of 09.01.2003	08.01.2008	10-11GHz
Kirov city – settlement Zonikha MWR-1300	№ 15-19-18/1004 of 09.01.2003	08.01.2008	10-11GHz
Settlement Klyuchi – settlement Uni MWR-3014	№ 15-19-18/1005 of 09.01.2003	08.01.2008	10-11GHz
Settlement Bogorodskoe – Uni - Klyuchi	№ 04-000117 of 09.03.2004	09.03.2012	10-11GHz
Settlement Nogorsk – settlement Sinegorie MWR -1986	№ 15-19-18/751 of 09.01.2003	08.01.2008	10-11GHz

Papulovo – Uga MWR -1/0071	№ 14-08-17/784 of 09.01.2003	05.01.2008	150-160MHz
Malmizh- settlement Sludka – Vyatskie Polyani town MWR -3575	№ 15-19-18/548 of 08.01.2003	05.01.2008	14-15GHz
Settlement Podosinovets – Luza town MWR-3500	№ 15-19-18/547 of 08.01.2003	05.01.2008	8GHz
Settlement Oparino - Settlement Marimitsa MWR-3015	№ 15-19-18/757 of 09.01.2003	08.01.2008	10-11GHz
Tuzha - Bezdenezhie- Mikhailovskoe MWR- 1/0069	№ 14-08-17/786 of 09.01.2003	05.01.2008	150-160MHz
Papulovo – Borovitsa MWR-1/1578	№ 14-08-17/785 of 09.01.2003	05.01.2008	150-160MHz
Pilyug – Skulina Gora - Podosinovets	№ 15-19-18/53408 of 06.12.2002	10.06.2003	8GHz
Kirs – Baranovka MWR- 1/0881	№ 14-08-17/783 of 09.01.2003	05.01.2008	150-160MHz
Shestakovo – Nagorsk MWR-1841			
Demiyarov – Podosinovets –Yakhrenga MWR-1754a			
Pishchal – Suvody MWR- 1749			
Malmyzh – Kaksinvai MWR-1751			
Kirov – Kirovochepetsk MWR-1892	№ 15-19-18/585 of 09.01.2003	04.01.2008	7-8GHz
Saransk town MWR-5348	№ 1025444 of 02.07.2003	26.06.2008	2400- 2500MHz
Settlement Khvalynsk – settlement Dukhovnitskoe MWR-6699	№ 15-19-18/13997 of 25.03.2003	21.03.2008	10-11GHz
Volsk – Plekhany MWR- 3897	№ 15-19-18/48180 of 13.11.2002	01.11.2007	10-11GHz
Saratov MTS-ATX-2 Engels MWR-3298	№ 15-19-18/48181 of 13.11.2002	01.11.2007	10-11GHz
Balakovo ATX-3-ATX-4, ATX-4-ATX-2 MWR-3154	№ 15-19-18/48183 of 13.11.2002	01.11.2007	10-11GHz
Demiyas – Vostochnyi MWR-4006	№ 15-19-18/48184 of 13.11.2002	01.11.2007	10-11GHz
Balakovo – Mayanga Balakovo – Pylkovka MWR-3111	№ 15-19-18/48182 of 13.11.2002	01.11.2007	10-11GHz
Balashov – Svyatoslavka – Nikolaevka MWR-4363	№ 15-19-18/48185 of 13.11.2002	01.11.2007	10-11GHz
Samoilovka - Svyatoslavka MWR-3062	№ 15-19-18/48186 of 13.11.2002	01.11.2007	10-11GHz
Alexandrov Gai – Priuzenskyi MWR-3155	№ 15-19-18/48187 of 13.11.2002	01.11.2007	10-11GHz

Samoilovka – Peschanka MWR-3063	№ 15-19-18/48188 of 13.11.2002	01.11.2007	10-11GHz
Mokrous – village Dolina MWR-5876	№ 15-19-18/3313 of 24.01.2003	23.01.2008	10-11GHz
Saratov – Balakovo MWR-3183	№ 15-19-18/48179 of 13.11.2002	01.11.2007	7-8GHz
Samara – settlement Lopatino MWR-6213	№ 15-19-18/48380 of 15.11.2002	01.11.2007	10-11GHz
Toliyatti town – village Yagodnoe MWR-3248	№ 15-19-18/48378 of 15.11.2002	01.11.2007	10-11GHz
Toliyatti town – settlement Povolzhskiy MWR-3157	№ 15-19-18/48379 of 15.11.2002	01.11.2007	10-11GHz
Toliyatti town – Zhigulevsk town MWR-4072	№ 15-19-18/48377 of 15.11.2002	01.11.2007	14GHz
Toliyatti town ATX-48 – village Khryashchevka MWR-3627	№ 15-19-18/48376 of 15.11.2002	01.11.2007	1811,2024M Hz
Toliyatti town ATX-48 – settlement Uzyukovo MWR-3231	№ 15-19-18/48375 of 15.11.2002	01.11.2007	10-11GHz
Syzran town Regional Communication Department MWR-1444	№ 15-19-18/48610 of 14.11.2002	01.11.2007	10-11GHz
Samara – Chernovskiy MWR-3405	№ 15-19-18/48609 of 14.11.2002	01.11.2007	10-11GHz
Samara – Rozhdestveno MWR-3499	№ 15-19-18/48611 of 14.11.2002	01.11.2007	10-11GHz
Samara – Dubovyi Umet MWR-3994	№ 15-19-18/48613 of 14.11.2002	01.11.2007	10-11GHz
Toliyatti – Postepki MWR-3158	№ 15-19-18/48612 of 14.11.2002	01.11.2007	12-13GHz
Samara – Roshchinskiy MWR-0567	№ 15-19-18/48615 of 14.11.2002	01.11.2007	10-11GHz
Village Bolshaya Glushitsa RCD-RTS MWR-1454	№ 15-19-18/48614 of 14.11.2002	01.11.2007	10-11GHz
Samara – village Rubezhnoe MWR-6179	№ 15-19-18/51610 of 26.11.2002	20.11.2007	10-11GHz
Settlement Severnoe – village Russkiy Kandyz MWR-6746	№ 15-20-18/14936 of 28.03.2003	26.03.2008	7-8GHz
Buzuluk – Proskurino, Buzuluk – Koltubanka MWR-4324	№ 15-19-18/54578 of 16.12.2002	10.12.2007	10-11GHz
Orsk town – settlement Novoorsk MWR-3457	№ 15-19-18/50882 of 25.11.2002	15.11.2007	10-11GHz
Buguruslan town – village Asekevo MWR-4774	№ 15-19-18/50881 of 25.11.2002	15.11.2007	7-8GHz
Buzuluk town – village Tashla MWR-1905	№ 15-19-18/50879 of 25.11.2002	15.11.2007	7-8GHz
Village Tashla – village Ilek MWR-5282	№ 15-19-18/50880 of 25.11.2002	15.11.2007	7-8GHz
Gai – Khmelevka MWR-5440	№ 15-19-18/54463 of 15.12.2002	10.12.2007	1811, 2024MHz

Novoorsk – Gorkovskoe MWR-1342	№ 15-19-18/54464 of 15.12.2002	10.12.2007	10-11GHz
Gai – Khalilovo MWR-3548	№ 15-19-18/54465 of 15.12.2002	10.12.2007	10-11GHz
Furmanovo – Pervomaiskiy – Revolutsionnyi MWR-4553	№ 15-19-18/54466 of 15.12.2002	10.12.2007	10-11GHz
Ilek – Mukhranovo MWR-1317	№ 15-19-18/54462 of 15.12.2002	10.12.2007	11GHz
Settlement Saraktash – settlement Tyulgan MWR-5938	№ 15-19-18/55464 of 19.12.2002	18.12.2007	7-8GHz
Yasnyi town – settlement Svetlyi MWR-0306	№ 15-19-18/55465 of 19.12.2002	18.12.2007	7-8GHz
Akbulak – Sagarchin MWR-3834	№ 15-19-18/54575 of 16.12.2002	10.12.2007	10-11GHz
Klyuchevka – Burtinskiy MWR-3996	№ 15-19-18/54576 of 16.12.2002	10.12.2007	10-11GHz
RCD-ATX-4 Buguruslan town MWR-3715	№ 15-19-18/54577 of 16.12.2002	10.12.2007	10-11GHz
Gai – Kameikino MWR-3896	№ 15-19-18/54579 of 16.12.2002	10.12.2007	10-11GHz
Belyaevka – Karagach – Mezhdurechie MWR-1/1814	№ 14-08-17/782 of 09.01.2003	05.01.2008	150-160MHz
Buzuluk – Elkhovka MWR-1/1493	№ 14-08-17/787 of 09.01.2003	05.01.2008	150-160MHz
Orenburg – settlement Prudy MWR-4637	№ 15-19-18/55481 of 19.12.2002	15.12.2007	10-11GHz
Sol-Iletsk town – settlement Tamar-Utkul MWR-3831	№ 15-19-18/55480 of 19.12.2002	15.12.2007	10-11GHz
Village Totskoe – village Totskoe-2 MWR-3578	№ 15-19-18/55479 of 19.12.2002	15.12.2007	10-11GHz
Village Tashla – village Rannee MWR-3790	№ 15-19-18/55478 of 19.12.2002	15.12.2007	10-11GHz
Orenburg – settlement Pavlovka MWR-1383	№ 15-19-18/57286 of 30.12.2002	26.12.2007	1811, 2082MHz
Orenburg – settlement Ivanovka MWR-1384	№ 15-19-18/57287 of 30.12.2002	26.12.2007	1724, 1995MHz
Orenburg city – state farm “Sakmarskiy” MWR	№ 04-000119 of 09.03.2004	01.03.2014	10-11GHz
Settlement Pervomaiskiy – settlement Zaikin MWR-5016	№ 15-19-18/57285 of 30.12.2002	26.12.2007	10-11GHz
Orenburg – settlement Podgornaya Pokrovka MWR-1385	№ 15-19-18/57288 of 30.12.2002	26.12.2007	1869, 2024 MHz
Novotroitsk town – state farm Progress MWR-3626	№ 15-19-18/57284 of 30.12.2002	26.12.2007	10-11GHz
Novotroitsk town – state farm Progress MWR-3626a	№ 15-19-18/55477 of 19.12.2002	15.12.2007	10-11GHz
Settlement Aidyrlay - Kvarkeno MWR-5520	№ 15-19-18/50883 of 25.11.2002	15.11.2007	10-11GHz

22 settlements MWR-3307 settlement Igra – village Russkaya Loza – village Kuliga – village Stepanenko – village Abrosyata – Sarapul town – village Shadrino – village Kigbaevo – etc.	№15-20-18/51192 of 22.11.2002	15.11.2007	10-11GHz
Settlement Igra – settlement Lozo-Luk	№1020779 of 05.12.2003	28.11.2008	10-11GHz
Village Vavozh – village Volkovo MWR-4403	№ 15-20-18/49975 of 22.11.2002	15.11.2007	10-11GHz
Izhevsk city MWR-3730	№ 15-20-18/51191 of 22.11.2002	15.11.2007	2400MHz
Settlement Polom, ATX – settlement Kez – settlement Kabalud, ATX			10-11GHz
Krasnogorskoe – Kokman MWR-3729			10-11GHz
MWR-3753 Izhevsk ATX-26- Izhevsk; Izhevsk ATX-26 – settlement Dorozhnyi  Village Yakshur-Bodiya – village Chernushka – Votkinsk ATX-27 – Votkinskyi machine factory  Izhevsk - Volozhka  Izhevsk Between AMTX-ATX- 71,36,22,- Pazely			1,4GHz  10-11GHz  10-11GHz  10-11GHz
Kozmodemiyansk town – settlement Yurino MWR- 2613	№ 15-20-18/11237 of 11.03.2003	05.03.2008	7-8GHz
Settlement Krasnyi Most – settlement Kilemary MWR- 2306a	№ 15-20-18/11236 of 11.03.2003	05.03.2008	7-8GHz
Yoshkar-Ola town – Sheklyanur – Kr.Most – Ershovo – Kozmodiyansk MWR-2306	№ 15-20-18/11235 of 11.03.2003	05.03.2008	7-8GHz
Zvenigovo town – Volzhsk town	№1019517 of 21.10.2003	10.10.2008	10-11GHz
Kozmodemiyansk town – settlement Ozerki MWR- 6284	№ 15-20-18/55157 of 18.12.2002	16.12.2007	10-11GHz
Yadrin town – village Chebakovo MWR-4552a	№ 15-20-18/50269 of 25.11.2002	20.11.2007	10-11GHz
Kanash town – village Ukhmany MWR-2850	№ 15-20-18/55158 of 18.12.2002	16.12.2007	10-11GHz
Kanash town - Yamashevo	№ 04-000120 of 09.03.2004	09.03.2012	10-11GHz

Yadrin town – settlement Sovkhozniy MWR-2431	№ 15-20-18/55159 of 18.12.2002	16.12.2007	10-11GHz
Kanash town – village Shikhazany MWR-2849	№ 15-20-18/55160 of 18.12.2002	16.12.2007	10-11GHz
Alatyr town – settlement Kirya; Alatyr town – settlement Pervomaiskiy – village Novyi Aibesi MWR-5310	№ 15-12-18/50268 of 25.11.2002	20.11.2007	10-11GHz
Shumerlya town – settlement Russkie Algashi MWR-1518	№ 15-20-18/50274 of 25.11.2002	20.11.2007	10-11GHz
Settlement Ibrisi – settlement Novoe Churashovo MWR-1519	№ 15-20-18/50273 of 25.11.2002	20.11.2007	10-11GHz
Alatyr town – settlement Anyutino MWR-1520	№ 15-20-18/50272 of 25.11.2002	20.11.2007	10-11GHz
Cheboksary town – settlement Sosnovka MWR-3209	№ 15-20-18/50271 of 25.11.2002	20.11.2007	10-11GHz
Yadrin town – village Chebakovo MWR-4552	№ 15-20-18/50270 of 25.11.2002	20.11.2007	10-11GHz
Alatyr – Mirenki MWR-2913	№ 1024897 of 18.06.2003	11.06.2008	10-11GHz
Alatyr – Altyshevo MWR-2911	№ 1025360 of 18.06.2003	11.06.2008	10-11GHz
Kozlovka – Tyurlema MWR-2912	№ 1025363 of 18.06.2003	11.06.2008	10-11GHz
Kanash – Yamashevo MWR-1135			10-11GHz
Ibrisi - Buguyany			10-11GHz
Ibrisi - Berezovka			10-11GHz
Alatyr – Atrar MWR-3062			10-11GHz
Settlement Maina – r/w station Vyry MWR-3612	№ 15-19-18/50310 of 22.11.2002	15.11.2007	10-11GHz
Dzerzhinsk town – Volodarsk town MWR-4932	№ 1003289 of 02.06.2003	28.05.2008	10-11GHz
Dzerzhinsk town – village Gorbatovka MWR-4931	№ 1003288 of 02.06.2003	28.05.2008	10-11GHz
Settlement Vacha – settlement Sosnovskoe	№ 1014315 of 25.09.2003	11.09.2008	10-11GHz
Volodarsk town – settlement Iiinogorsk – settlement Novosmolinskiy – settlement Mulino MWR-4930	№ 03-03368 of 08.10.2003	24.09.2008	10-11GHz
Kulebaki - Gremyachevo	№ 1018950 of 10.06.2003	16.06.2003	10-11GHz
Sosnovskoe – Elizarovo	№ 04-001402 of 23.11.2004	22.11.2014	10-11GHz
Sosnovskoe – Davydovskoe	№ 1025058 of 02.06.2003	25.05.2008	10-11GHz
Arzamas – Cherenukha	№ 1024969 of 18.06.2008	18.06.2008	10-11GHz
Polkh-Motyzley	№ 04-001634 of 23.11.2004	22.11.2014	10-11GHz

Arzamas – Abramovo – Vasiliev Vrag –Pustyn – Lomovka – Kirillovka – Kazakovo – Morozovka – Novyi Usad –Tumanovo – Shatovka	№ 1003302 of 26.06.2003	19.06.2008	10-11GHz
Vad – Annenskiy karier MWR-2604	№ 1025680 of 26.06.2003	18.06.2008	14-15GHz
Diveevo – B.Cherevatovo MWR-4069	№ 1024971 of 26.06.2003	19.06.2008	10-11GHz
Glukhovo – Diveevo MWR-4070	№ 1024972 of 26.06.2003	18.06.2008	10-11GHz
Arzamas - Lomovka	№ 1003304 of 26.06.2003	19.06.2008	10-11GHz
Pustyn – Arzamas	№ 1003303 of 26.06.2003	19.06.2008	10-11GHz
Abramovo – Vasiliev Vrag	№ 1003302 of 26.06.2003	19.06.2003	10-11GHz
Arzamas – Novyi Usad	№ 1003308 of 26.06.2003	19.06.2008	10-11GHz
Arzamas – Morozovka	№ 1003307 of 26.06.2003	19.06.2008	10-11GHz
Arzamas – Kazakovo	№ 1003306 of 26.06.2003	19.06.2008	10-11GHz
Kirillovka – Arzamas	№ 1003305 of 2.06.2003	19.06.2008	10-11GHz
Glukhovo – Diveevo	№ 1024972 of 26.06.2003	18.06.2008	10-11GHz
Arzamas – Shatovka	1003310 of 26.06.2003	18.06.2008	10-11GHz
Arzamas – Tumanovo	№ 1003309 of 26.06.2003	19.06.2008	10-11GHz
Arzamas - Abramovo	№ 1003300 of 26.06.2003	19.06.2008	10-11GHz
Bor – Linda Bor – Ostankino MWR-4084	№ 1024153 of 10.06.2003	03.06.2008	10-11GHz
Bor – Krasnaya sloboda MWR-4066	№ 1024154 of 10.06.2003	03.06.2008	10-11GHz
Bor – Bolshoe Orlovskoe MWR-3046	№1024153 of 10.06.2003	03.06.2008	10-11GHz
Balakhna - Balakhna - Rylovo Balakhna – Maloe Kozino Balakhna - Lukino Balakhna – Shalimovo - Konevo Balakhna - Sovkhoznyi Balakhna - Gidrotorf Balakhna – B. Kozino MWR-1633	№ 1024155 of 10.06.2003	03.06.2008	10-11GHz
Balakhna - Sovkhoznyi MWR-4569	№ 1024162 of 10.06.2003	03.06.2008	10-11GHz
Balakhna - Gidrotorf MWR-4360	№ 1024157 of 10.06.2003	03.06.2008	14-15GHz
Balakhna - Pravdinsk MWR-4354	№ 1024157 of 10.06.2003	03.06.2005	14-15GHz
Balakhna – settlement 1 May	№ 1003325 of 06.08.2003	25.07.2008	10-11GHz
Balakhna - Istomino	1021512 of 21.08.2003	15.08.2008	7-8GHz
Gorodets – boarding house Burevestnik MWR-4515	№ 1024160 of 10.06.2003	03.06.2008	7-8GHz
Gorodets – Zavolzhe MWR-1253	№ 1024160 of 10.06.2003	03.06.2008	7-8GHz
Gorodets – Zavolzhe MWR-3143	№ 1024158 of 10.06.2003	Till 03.06.2008	10-11GHz



Settlement Voskresenskoe – village Egorovo	№ 04-001082 of 04.11.2004	03.11.2014	146-174 MHz
Zavolzhie - Khakhaly	№ 04-000134 of 09.03.2004	Till 01.03.2014	10-11GHz
Gorodets – Voronino	№ 1020535 of 22.09.2003	Till 09.09.2008	10-11GHz
Bor town – settlement Zheleznodorozhnyi	№ 1018954 of 08.10.2003	Till 24.09.2008	10-11GHz
Settlement Sokolskoe – village Pushkarevo	№ 1023657 of 09.10.2003	Till 24.09.2008	10-11GHz
Gorodets – Fedurino	№ 1020521 of 21.08.2003	15.08.2008	10-11GHz
Semenovo - Shaldezshka	№ 1003324 of 06.08.2003	25.07.2008	10-11GHz
Semenov - Elfimovo	№ 04-001084 of 04.11.2004	03.11.2014	146-174 MHz
Chkalovsk – Vershilovo	№ 1003326 of 06.08.2003	25.07.2008	10-11GHz
Voskresenskoe – Vozdvizhenskoe	№ 1003332 of 06.08.2003	25.07.2008	10-11GHz
Gorodets – Sokolskoe MWR-4640	№ 1024159 of 10.06.2003	03.06.2008	10-11GHz
Kovernino – Khokhlama MWR-4359	№ 1024161 of 10.06.2003	03.06.2008	10-11GHz
Varnavino – Severnyi	№ 52_4871 of 13.10.2003	Till 13.10.2006	60-74MHz
Shakhuniya – village Vakhtan MWR-0840	№ 1025155 of 21.06.2003	Till 10.06.2008	7-8GHz
Bolshoe Karpovo – Uren MWR-4938	№ 1013928 of 06.08.2003	Till 29.07.2008	10-11GHz
Shakhuniya – Uren MWR-0839	№ 1025127 of 21.06.2003	Till 10.06.2008	7-8GHz
Shakhuniya – B.Shirokoe MWR-4439	№ 1025130	10.06.2008	10-11GHz
Varnavino – Gorki MWR-1874	№ 1025148 of 21.06.2003	10.06.2008	10-11GHz
Varnavino – Krasnie baki MWR-0307	№ 1025175 of 21.06.2003	10.06.2008	7-8GHz
Uren – Semenov MWR-4939	№ 1003296 of 21.06.2003	10.06.2008	10-11GHz
Uren – Vetluga MWR-4937	№ 1003291 of 21.06.2003	10.06.2008	10-11GHz
Shakhuniya - Vetluga	№ 1025118 of 21.06.2003	10.06.2008	7-8GHz
Shakhuniya – Sharanga MWR-1846	№ 1025129 of 21.06.2003	10.06.2008	7-8GHz
Sharanga – Ustinskoe MWR-4936	№ 1003293 of 21.06.2003	10.06.2008	10-11GHz
Akaty – Chernoe MWR-5656	№ 1005270 of 21.06.2003	10.06.2008	10-11GHz
Shakhuniya – Tonshaevo MWR-5668	№ 1009855 of 21.06.2003	10.06.2008	7-8GHz
Krasnie baki – Voskresenskoe MWR-2645	№ 1025170 of 21.06.2003	10.06.2008	7-8GHz
Uren – Ariya MWR-4938	№ 1013933 of 02.06.2003	28.05.2008	10-11GHz
Nizhny Novgorod – Bor MWR-5120	№ 1003334 of 22.09.2003	Till 09.09.2008	7-8GHz

Nizhny Novgorod – Dzerzhinsk MWR-0557	№ 1027554 of 22.09.2003	Till 09.09.2008	7-8GHz
Voznesenskoe – Polkh Maidan Voznesenskoe - Matyzley	№04-001634 of 23.11.2004.	Till 22.11.2014	10-11GHz
Nizhny Novgorod – Balakhna – Gorodets MWR-0369	№ 1027553 of 22.09.2003	Till 09.09.2008	7-8GHz
Nizhny Novgorod – Balakhna – Gorodets MWR-2873	№ 1027551 of 22.09.2003	Till 09.09.2008	10-11GHz
Nizhny Novgorod (Lyadov square) – state farm Doskino	№ 04-001544 of 09.12.2004	Till 08.12.2014	10-11GHz
Nizhny Novgorod (ATX 66) – settlement Berezovaya Poima	№ 04-001542 of 20.12.2004	Till 19.12.2014	10-11GHz
Nizhny Novgorod, Lyadov square – settlement Doskino	№ 04-001524 of 09.12.2004	Till 08.12.2014	10-11GHz
Druzhnyi – Zhdanovskiy MWR - 4372 of 26.06.2001	№ 1025001 of 18.06.2003	10.06.2008	10-11GHz
Village Prosek – village Kislovka MWR-3915	№ 1025013 of 18.06.2003	10.06.2008	10-11GHz
Sechenovo town – Talyzino MWR-4331	№ 1025017 of 18.06.2003	10.06.2008	10-11GHz
Sechenovo town – village M.Ryabushkino MWR-1126	№ 1025002 of 18.06.2003	10.06.2008	10-11GHz
Urazovka – Salgany MWR - 4408	№ 1024984 of 18.06.2003	10.06.2008	10-11GHz
Kstovo – Afonino MWR-3041	№ 1024989 of 18.06.2003	10.06.2008	10-11GHz
Sergach – Sergachskiy Nizhegorodsakhar MWR-4919	№ 1003311 of 18.06.2003	10.06.2008	10-11GHz
Sergach - Lopatino	№ 04-001524 of 09.12.2004	08.12.2014	10-11GHz
Lyskovo – Makarievo MWR-4412	№ 1025018 of 18.06.2003	10.06.2008	10-11GHz
Buturlino – Valgusy MWR-3829	№ 1024981 of 18.06.2003	10.06.2008	10-11GHz
Bakaldy – Kamenishchy MWR-4046	№ 1024982	10.06.2008	10-11GHz
Fokino – Kuzmiyar	№ 1029117 of 05.08.2003	31.07.2008	10-11GHz
Mikhailovskoe – Fokino	№ 1021476 of 05.08.2003	31.07.2008	10-11GHz
Settlement Sosnovskoe – village Davydkovo	№ 04-004501 of 03.03.2005	02.03.2015	10-11GHz
Village Mayaki – settlement Burepolom	№ 04-004580 of 03.03.2005	02.03.2015	10-11GHz
Chkalovsk town – village Novinki	№ 04-003997 of 03.03.2005	02.03.2015	10-11GHz
Gorodets town – settlement Kovernino	№ 04-004108 of 31.12.2004	30.12.2014	10-11GHz
Village Rozhki – village Smirnovo	№ 04-004107 of 03.03.2005	02.03.2015	10-11GHz
Kantaurovo - Sitniki	№ 1018084 of 21.08.2003	21.08.2003	7-8GHz

Buguruslan – Severnoe	№03-10838 of 25.12.2003	19.12.2008	7-8GHz
Buzulik - Buguruslan	№ 03-10842 of 25.12.2003	19.12.2008	3,4-3,5GHz
Ulyanovsk city	№ 17-03-33/20434 of 24.04.2003	17.02.2008	1880-1900MHz
Ulyanovsk city	№ 1028792 of 13.11.2003	01.11.2008	890-915MHz 935-960MHz
Kirov Poroshino Ganino	№ 1022527 of 03.10.2003	28.09.2008	1880-1900MHz
Kirov city	№ 1027167 of 05.11.2003	20.10.2008	1880-1900MHz
Saransk town (Khmelevskiy str., N.Erkai str., Goncharov str.,)	№ 04-005323 of 31.12.2004	30.12.2014	1880-1900MHz
Saransk town, Settlement Atyashevo, Settlement Kremlya, Settlement Turgenevo, Settlement Potjma, Village Dubenki, Village Tengushevo, Village Lukhovka Village Zykovo	№ 17-03-33/16505 of 08.04.2003	08.04.2008	1880-1900MHz
Ruzaevka town Kovylkino town Tengushevo town Dubenki town	№ 17-03-33/45471 of 25.10.2002	30.09.2007	1880-1900MHz
Orenburg city	№ 17-03-33/53358 of 10.12.2002	20.11.2007	1880-1900MHz
Orenburg city	№ 1023822 of 26.08.2003	22.08.2008	1880-1900MHz
Izhevsk city	№ 17-03-33/53337 of 10.12.2002	20.11.2007	1880-1900MHz
Glazov town Mozhga town Settlement Igra Sarapul town	№ 17-03-33/47476 of 10.11.2002	30.09.2007	1880-1900MHz
Medayany, Rabotki, Vad, Annenkovskiy karier	№ 17-03-33/45167 of 24.10.2002	30.10.2007	1880-1900MHz
Glazov	№ 1025282 of 29.09.2003	26.09.2008	1880-1900MHz
Votkinsk Izhevsk Sarapul	№ 1014972 of 04.07.2003	30.06.2008	1880-1900MHz
Kstovo town Settlement Afonino of Kstovo's district	№ 17-03-33/19861 of 23.04.2003	17.04.2008	1880-1900MHz
Nizhny Novgorod	№ 17-03-33/11379 of 11.03.2003	05.03.2008	1880-1900MHz
Nizhny Novgorod	№ 1026097 of 05.11.2003	27.10.2008	1880-1900MHz

Ruzaevka Chamzinka Atyurievo	№ 04-001141 of 12.10.2004.	11.10.2014	1880- 1900MHz
Saransk town	№ 04-000980 of 12.10.2004.	11.10.2014	1880- 1900MHz
Arzamas town, Gorodets town, settlement Sitniki, settlement Zheleznodorozhnyi	№ 04-003072 of 28.12.2004	27.12.2014	1880- 1900MHz
Village Tolkaevka of Orenburg oblast.	№ 04-003265 of 28.12.204	27.12.2014	1880- 1900MHz
Sharanga	№ 52-6167 of 30.12.2003	30.12.2006	42,95
Tonkino	№ 52-6168 of 30.12.2003	30.12.2006	42,95
Bogorodsk – Priozernoe	№ 52-5582 of 26.11.2003	30.12.2006	307;434;
Settlement Varnavino – settlement Voskhod	№ 52-2632 of 03.06.2003	03.06.2006	307;343
Vetluga town – village Voznesenie	№ 52-2636 of 03.06.2003	03.06.2006	307;343
Settlement of urban type Tonshaevo – village Vyakshener	№ 52-2638 of 03.06.2003	03.06.2006	307;343
Settlement Tonshaevo – settlement Kazener	№ 52-2640 of 03.06.2003	03.06.2006	307;343
Settlement Tonshaevo – settlement Yuzhnyi	№ 52-2642 of 03.06.2003	03.06.2006	307;343
Settlement Tonshaevo – settlement Yuzhnyi	№ 52-1571 of 13.04.2004	12.04.2009	307;343
Uren town – settlement Ariya	№ 52-2644 of 03.06.2003	03.06.2006	307;343
Uren town – village B.Kozlyana	№ 52-2646 of 03.06.2003	03.06.2006	307;343
Uren town – village Chernoe	№ 52-2648 of 03.06.2003	03.06.2006	307;343
Settlement Varnavino – settlement Mirnyi	№ 25-2634 of 03.06.2003	03.06.2006	307;343
Uren – Mineevo	№ 52-2821 of 16.06.2003	16.06.2006	307;343
Uren – Vyazovoe	№ 52-2823 of 16.06.2003	16.06.2006	307;343
Uren – Krasnyi Yar	№ 52-2825 of 03.06.2003	16.06.2006	307;343
Urazovka – Klyuchishchi	№ 52-3432 of 23.07.2003	23.07.2006	307;343
Rabotki – settlements	№ 52-2996 of 24.06.2003	24.06.2006	307;343
Kstovo – settlements	№ 52-2995 of 24.06.2003	24.06.2003	307;343
Verkhovskoe – Berestayanka	№ 52-4579 of 24.09.2003	24.09.2006	307;343
Sharanga – Usta	№ 52-6069 of 23.12.2003	23.12.2006	307;343
Verkhovskoe – Siyava	№ 52-6068 of 23.12.2003	23.12.2006	307;343
Konevo – Yurino	№ 52-6501 of 27.12.2003	27.12.2006	307;343
Serbrayanka – village Kr.Rodnik	№ 52-6150 of 26.12.2003	26.12.2006	307;343
Vilaya – Provolochnoe	№ 52-6149 of 26.12.2003	26.12.2006	307;343
Voznesenskoe - Begovatovo	№ 52-6154 of 26.12.2003	26.12.2006	307;343
Voznesenskoe – Lashman	№ 52-5580 of 26.11.2003	26.11.2006	307;343
Voznesenskoe – Ilev	№ 52-5581 of 26.11.2003	26.11.2006	307;343
Steksovo – Ideal	№ 52-6153 of 26.12.2003	26.12.2006	307;343

Lemet – Turkushi	№ 52-6152 of 26.12.2003	26.12.2006	307;343
Mukhtolovo – Venets	№ 52-6151 of 26.12.2003	26.12.2006	307;343
Sechenovo – Lipovka	№ 52-5773 of 04.12.2003	04.12.2006	307;343
Lyskovo – Presnetsovo	№ 52-5774 of 04.12.2003	04.12.2006	307;343
Sechenovo – Elizavetino	№ 52-5771 of 04.12.2003	04.12.2006	307;343
Sechenovo - Ratovo	№ 52-5772 of 04.12.2003	04.12.2006	307;343
Sechenovo – Ratovo (petroleum depot)	№ 52-5769 of 04.12.2003	04.12.2006	307;343
Sergach – B.Rayabushkino	№ 52-5770 of 04.12.2003	04.12.2006	307;343
Sergach – Malinovka	№ 52-5766 of 04.12.2003	04.12.2006	307;343
Sergach – Roganovka	№ 52-5767 of 04.12.2003	04.12.2006	307;343
Salgany – Alexandrovo	№ 52-3431 of 23.07.2003	23.07.2006	307;343
Salgany – Fedorovka	№ 52-5230 of 04.11.2003	04.11.2003	307;343
Sergach – B.Rayabushkino	№ 52-5768 of 04.12.2003	04.12.2006	307;343
Tuzha – Soboli	№ 43-04/2133 of 16.09.2003	16.09.2006	307;343
Strizhi – Reshetniki	№ 43-04/2153 of 17.09.2003	17.09.2006	307;343
Svecha – Kholmy	№ 43-04/2148 of 17.09.2003	17.09.2006	307;343
Ekaterina – B.Melnitsa	№ 43-04/2677 of 22.10.2003	22.10.2006	307;343
Nikolaev – Anikinty	№ 43-04/2675 of 22.10.2003	22.10.2006	307;343
Novaya Ukazna – Zhirnov	№ 43-04/2150 of 17.09.2003	17.09.2006	307;343
Chernushka – Troitskoe	№ 43-04/2152 of 17.09.2003	17.09.2006	307;343
Kulebaki and settlements of Kulebaki's district	№ 52-6169 of 30.12.2003	30.12.2006	307;343
Shabury – Strel'skaya	№ 43-04/2135 of 16.09.2003	16.09.2006	307;343
Nagorsk – Simonovka	№ 43-04/2672 of 22.10.2003	22.10.2006	307;343
Lalsk – Kuzminskaya	№ 43-04/2155 of 17.09.2003	17.09.2006	307;343
Lalsk – Zaborie	№ 43-04/2156 of 17.09.2003	17.09.2006	307;343
Nazarovtsy - Kachonki	№ 43-04/2157 of 17.09.2003	17.09.2006	307;343
Chistopolie – Borovka	№ 43-04/2676 of 22.10.2003	22.10.2006	307;343
Kiknur – Ulesh	№ 43-04/2151 of 17.09.2003	17.09.2006	307;343
Kiknur - Chasha	№ 43-04/2149 of 17.09.2003	17.09.2006	307;343
Oparino – Duvannoe	№ 43-04/2136 of 16.09.2003	16.09.2006	307;343
Oparino – Chusiaya	№ 42-04/2137 of 16.09.2003	16.09.2006	307;343
Zuevka – Spaso-Zaozerie	№ 43-04/2134 of 16.09.2003	16.09.2006	307;343
Zuevka – Motous	№ 43-04/2674 of 22.10.2003	22.10.2006	307;343
Kilmez – Polayanka	№ 43-04/2154 of 17.09.2003	17.09.2006	307;343
Oparino – Sergeevskaya Vereteaya	№ 43-04/2678 of 22.10.2003	22.10.2006	307;343
Lekma – Osinovka	№ 43-04/2669 of 22.10.2003	22.10.2006	307;343
Lekma – Osinovka	№ 04/400 of 23.01.2003	23.01.2006	307;343
Pervomaisk - Mytiets	№ 43-04/2670 of 22.10.2003	22.10.2006	307;343
Utmanovo – Grebnevo	№ 43-04/2673 of 22.10.2003	22.10.2006	307;343
Pervomaiskoe - Sharpaty	№ 43-04/2671 of 22.10.2003	22.10.2006	307;343
Varnavino – Voskhod	№ 52-6165 of 30.12.2003	30.12.2006	307;343
Verkhovskoe – Vakhtan	№ 52-6164 of 30.12.2003	30.12.2006	307;343
Tonkino – Pismener	№ 52-6163 of 30.12.2003	30.12.2006	307;343
Vorotynets - Saraiki	№ 52-1573 of 13.04.2004	12.04.2009	307;343
Salgany – village Akulinino	№ 52-3433 of 23.07.2003	23.07.2003	307;343
Yoshkar-Ola town – village Korta	№ 12-800 of 18.06.2003	18.06.2006	307;343
Yoshkar-Ola town – village Elemuchash	№ 12-801 of 18.06.2003	18.06.2006	307;343

Settlement Kilemary – village Udyurma	№ 12-802 of 18.06.2003	18.06.2006	307;343
Village Pamiyaly – settlement Maiskyi	№ 12-803 of 18.06.2003	18.06.2006	307;343
Village Pamiyaly – settlement Maiskyi	№ 12-804 of 18.06.2003	18.06.2006	307;343
Village Nezhnur – settlement Nezhnurskyi	№ 12-805 of 18.06.2003	18.06.2006	307;343
Village Nezhnur – village B.Shuduguzh	№ 12-12-806 of 18.06.2003	18.06.2006	307;343
Village Arda – village Aleshkino	№ 12-807 of 18.06.2003	18.06.2006	307;343
Village Arda – village Yuksary	№ 12-808 of 18.06.2003	18.06.2006	307;343
Village Arda – village Alataikino	№ 12-809 of 18.06.2003	18.06.2006	307;343
Village Pamiyaly – settlement Tsynglok	№ 12-810 of 18.06.2003	18.06.2006	307;343
Settlement Yurino	№ 12-811 of 18.06.2003	18.06.2006	307;343
Village Mariino – village Nikolskaya	№ 12-812 of 18.06.2003	18.06.2006	307;343
Village Mariino – village Nikolskaya	№ 12-813 of 18.06.2003		307;343
Village Mariino – village Kozlovets	№ 12-814 of 18.06.2003	18.06.2006	307;343
Village Mariino – village Kuzmino	№ 12-815 of 18.06.2003	18.06.2006	307;343
Village Mariino – village Karasiyary	№ 12-816 of 18.06.2003	18.06.2006	307;343
Village Mariino – settlement Kozikovo	№ 12-817 of 18.06.2003	18.06.2006	150; 160MHz
Village Mariino – settlement Kozikovo	№ 12-818 of 18.06.2003	18.06.2006	307;343
Village Shoibulak – village Pelenger	№ 12-819 of 18.06.2003	18.06.2006	307;343
Village Shoibulak – gardens “Saturn”	№ 12-14-3/1242 of 23.07.2002	23.07.2007	307;343
Settlement Sovietskyi – village Iiinskoe	№ 12-621 of 29.04.2003	29.04.2006	307;343
Settlement Tursha – Borodinskoe	№ 12-1098 of 09.09.2003	09.09.2006	307;343
Settlement Yoshkar-Ola – settlement Lesnoi	№ 12-1571 of 30.12.2003	30.12.2006	307;343
Settlement Kilemary – village Aktayuzh	№ 12-1316 of 27.11.2003	27.11.2006	307;343
Village Semisola – village Petrovskoe of Orenburg oblast	№ 12-1058 of 1.09.2003	01.09.2006	307;343
Settlement Kilemary – village Kumiaya	№ 12-1154 of 24.09.2003	24.09.2006	307;343
Gai town, village Ishkinino, settlement Novorudnyi, village Kalinovka	№ 56/4210 of 13.10.2003	13.10.2006	307;343

Orsk town, settlement Novoorsk, village Kvarkeno, settlement Adamovka	№ 56-5665 of 30.12.2003	01.01.2007	37MHz
Village Staroyakupovo, village Boriskino, village Novozherdino, village Nataliino, village Gorodishche, village Chebenki, village Elatomka, village Oktyabrevka, village Kiryushkino	№ 56-876-28 of 27.02.2004	27.02.2007	343-344/ 307-308
Village Ziyanchurino – village Dubinovka, Gai town – village Ishkinino, Village Stepanovka – village Abdrakhmanovo Village Starye Shalty – village Artemievka, Abdulino town – village Novoyakupovo, village Borisovka – village Klyuchevka, village Romanovka; village Zobov – village Zerikla, village Kolychevo – village Novonikolskoe	№ 56-876-27 of 27.02.2004	27.02.2007	343-344/ 307-308
Village Bakaevo – village Zerikla, village Labazy , village Baigorovka – village Fedorovka; settlement Pervomaiskiy – village Maevka, village Taly , settlement Chkalovskiy, village Novocherkassk – village Krasnogor, village Ch.Otrog , village Sultakai – settlement Maiskiy, settlement Burannyi – settlement Aktynovo.	№ 56-876-29 of 27.02.2004	27.02.2004	343-344/ 307-308
Yasnyi town – village Alasai	№ 56/5711 of 30.12.2003	30.12.2006	343-344/ 307-308
Village Vozdvizhenka – village Irek, village Chernyi Otrog, village Sovietskoe – settlement Sarakash	№ 56/5708 of 30.12.2003	30.12.2006	343-344/ 307-308
Kuvandyk town – village Novaya Rakityanka, village Novouralsk – village Lugovskoe, Kuvandyk town – village Churaevo, Kuvandyk town – pioneer camp “Volna”.	№ 56/5707 of 30.12.2003	30.12.2006	343-344/ 307-308

Village Grachevka – village Kamenka – village Pokrovka	№ 56/5710 of 30.12.2003	30.12.2006	343-344/ 307-308
Village Andreevka – village Mezhdulesie	№ 56/5709 of 30.12.2003	30.12.2006	343-344/ 307-308
Village Belyaevka – settlement Pravoberezhnyi	№ 56/5712 of 30.12.2003.	30.12.2006	343-344/ 307-308
Village Elasy – village Nuzhenaly	№ 12-1580 of 30.12.2003	30.12.2006	307;343
Village Ushkaty – village Bogoyavlenka	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Settlement Ural – village Zhanatan	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Settlement Ural – settlement Rovnyi	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Settlement Novouralsk – village Zaluzhie	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Settlement Veselyi – village Nagumanovka	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Village Furmanovo – village Konnoe	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Village Furmanovo – village Prudy	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Village Uranbash – village Ivanovka	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Village N.Gumbet – village Morozovskoe	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Settlement Suvorovskiy – village Glubinnoe	№ 56-876-172 of 30.06.2004	30.06.2007	300;400
Village Troitsk – village Ivanovka	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Sol-Iletsk town – village Mayachnoe	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Sergushino – village Kyzyl Yar	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Andreevka – village M.Surmet	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Settlement Dimitrovskiy – settlement Bratskiy	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Settlement Dimitrovskiy – settlement Sukhodolnyi	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Yudinka – village Bryanchaninovo	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Voskresenovka – village Alexeevka	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Kurmanaevka – village Petrovka	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Settlement Koltubaevskiy – settlement Opytniy	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Village Tashla – village Prokuronovka	№ 56-876-171 of 30.06.2004	30.06.2007	300;400
Otradnyi town	№ 63-909-895/3373 of 25.12.2003	31.12.2006	300;400



Otradnyi town	№ 63-911-895/3376 of 25.12.2003.	31.12.2006	300;400
Otradnyi town	№ 63-911-895/3373 of 25.12.2003	31.12.2006	300;400
Syzran town	№ 63-903-1002/3367 of 25.12.2003	31.12.2006	300;400
Syzran town	№ 63-903-1002/3368 of 25.12.2003	31.12.2006	300;400
Village Shigony	№ 63-903-1002/3369 of 25.12.2003	31.12.2006	300;400
Settlement Kemlya of the Republic of Mordoviya	№ 03-12925 of 25.12.2003	01.12.2008	3335, 5225KHz
Nolinsk town of Kirov oblast	№ 04-00730 of 31.03.2004	01.03.2005	2265, 2515, 3660, 4025KHz

#### b) Communication networks.

Physical communication networks used by the issuer for communication services provision:

*Total installed capacity of OJSC “VolgaTelecom” local telephone communication network is 4 710 689 numbers (including at city’s telephone networks – 3 963 732 numbers, at rural telephone networks – 746 957 numbers). Out of them 4 376 904 numbers are in operation (including at city’s telephone networks – 3 710 131 numbers, at rural telephone networks – 666 773 numbers).*

*In accordance with priorities of development the arrangements are carried out to replace step-by-step decimal and crossbar switching systems with digital ones. At present the installed capacity of electronic ATXs is 56,6 % of the total installed capacity of the network.*

*The number of basic telephone sets at OJSC “VolgaTelecom” network is 4 529 161 units (including in city’s telephone network – 3 804 158 sets, in rural telephone network – 725 003sets), out of them 3 928 447 sets are residential ones (including, in city’s telephone network – 3 302 282 sets, in rural telephone network – 626 165 sets).*

#### *Telephone density of fixed line communication:*

Branch	Telephone density of fixed line communication for 100 residents, total (units/100 residents)	Including		Telephone density of fixed line communication for oblast’s (republic’s) center for 100 residents
		CTN	RTN	
Kirov	26,3	31,9	11,5	37,2
In the Republic of Maryi El	26,4	34,9	11,8	39,7
In the Republic of Mordoviya	25,4	31,3	17,0	32,9
Nizhny Novgorod	27,7	31,9	12,3	37,9
Orenburg	20,7	25,6	14,1	24,5
Penza	21,3	26,6	11,2	31,5
Samara	22,6	24,3	15,6	25,6

Saratov	21,0	23,9	13,1	27,6
In the Republic of Udmurtiya	24,1	29,6	11,6	34,9
Ulyanovsk	24,0	28,6	11,6	31,8
In the Republic of Chuvashiya	21,3	29,0	9,3	30,3
TOTAL for OJSC "VolgaTelecom"	23,3	28,1	12,8	

#### DLD and intrazonal communication

*OJSC "VolgaTelecom" intrazonal primary network is built on cable (copper and fiber-optic) lines and microwave links.*

<b>The extension of intrazonal cable transmission lines -</b>		20362 km
including:	- fiber-optic	9384 km
<b>The extension of microwave transmission links -</b>		3067 km
including:	-digital	1885 km
<b>The extension of overhead transmission lines -</b>		1209 km
<b>The extension of formed channels of intrazonal primary network</b>		19988,2 thousand channel-km
including:	- overhead transmission lines - cable transmission lines including: - fiber-optic cables - microwave radios - satellite	- 10,9 thousand channel-km 16957,8 thousand channel-km 1085 thousand channel-km -
<b>The extension of channels formed by digital transmission systems</b>		18228,2 thousand channel-km
including:	- SDH - PDH	16878,4 thousand channel-km 1349,8 thousand channel-km

#### Long distance network.

*The equipment of automatic DLD communication being in operation at OJSC "VolgaTelecom" network incorporates 13 automatic trunk exchanges (ATX) and the equipment of automatic zonal telephone communication of the total installed capacity of 72 455 channels. The installed capacity of electronic ATXs is 60 625 channels, of quasi-electronic – 3024 channels, and of automatic zonal telephone network equipment – 8 806 channels.*

*Total equipped capacity of ATXs and of automatic zonal telephone network equipment is 56 664 channels, including the capacity of electronic exchanges – 46 638 channels, of quasi-electronic – 1297 channels, and of automatic zonal telephone network equipment – 6 729 channels.*

*For 9 months of 2005 the traffic of outgoing chargeable DLD & ILD calls of OJSC*

*“VolgaTelecom” network users amounted to 1 502 304 thousand minutes, including ILD – 60 362 thousand minutes.*

#### **Data transfer networks**

*OJSC “VolgaTelecom” is building wideband data transfer network. Each branch has a regional segment of data transfer network. ATM, DPT, Gigabit Ethernet and other technologies are used in the network construction. For 9 months of 2005 the data transfer networks in all the branches of the Company were modernized and expanded.*

<b>Branches</b>	<b>The number of allocated access ports in operation</b>	<b>The number of dial-up access users</b>
Kirov	1 470	28 876
In the Republic of Maryi El	760	16 813
In the Republic of Mordoviya	879	19 875
Nizhny Novgorod	5 194	101 649
Orenburg	1 716	42 484
Penza	1 804	26 550
Samara	3 203	53 754
Saratov	1 269	48 894
In the Republic of Udmurtiya	1 826	31 976
Ulyanovsk	1 247	26 531
In the Republic of Chuvashiya	1 574	24 856
<b>TOTAL</b>	<b>20 942</b>	<b>422 258</b>

*As of 01.10.2005 the number of allocated access ports in operation was 20 942. As of 01.10.2005 the number of dial-up access users per month was 422 258.*

*The transmission of TV signal over IP-network is one of the most promising and high-tech services.*

*For the first time in Russia in Nizhny Novgorod branch the streaming broadcasting system is being installed and adjusted; the system is designed for TV signal relay to off-air transmitters at 3 sites in Nizhny Novgorod oblast.*

*During 9 months of 2005 the service of TV signal relay over data transfer networks to provide this service to the users over allocated lines was tested in Kirov, Saratov and Orenburg cities.*

#### **Intelligent communication network (ICN)**

*For 9 months of 2005 ICN equipment was installed in all the branches of OJSC “VolgaTelecom” (but for the branch in Ulyanovsk where the installation is scheduled for November 2005). ICN nodes were connected to corporate data transfer network to organize the transmission of signal traffic. The network is being commissioned.*

*Before the end of 2005 within the framework of ICN development OJSC “VolgaTelecom” will implement “USC” project (uniform service card), by using it the customers will be able to get telephone communication services, VoIP, dial-up access and pay for communication services.*

#### **Cable TV (CTV)**

*For 9 months of 2005 CTV networks in Kirov branch, in the branch of the Republic of Maryi El, in samara branch and in the branch of the Republic of Chuvashiya were expanded.*

<b>Branches</b>	<b>The number of CTV subscribers as of 01.10.05</b>
Kirov	793
In the Republic of Maryi El	14 734
Nizhny Novgorod	4 817
Samara	14 025
In the Republic of Chuvashiya	118 890
<b>TOTAL</b>	<b>153 259</b>

#### **IP-telephony**

*For 9 months of 2005 IP-telephony services are started to be provided in the branches of the Republic of Maryi El and in the Republic of Mordoviya, in Penza branch and in the branch in the Republic of Chuvashiya. At present this service is provided in all the branches of the Company. The contract was concluded to supply MVTs hardware-software complex to equip additionally IP-telephony nodes in the branches to expand the range of provided services.*

#### **Telegraph communication**

*Telegraph communication is organized on the basis of "Alpha-Telex-600" (TK-AT-600) operating in AT/Telex channel switching system (switched-channel telegraph service network) and in message switching system in general telegraph service network.*

*The number of telegraph channels of all types formed by channeling equipment - 10120,5*

*Including:*

- trunk – 1274,5*
- intra-oblast and intra-district – 8846*

*The number of telegraph links, total – 2480*

*Including:*

- Over channel switching (CS) system – 778,5*
- Over message switching (MS) system – 1244*
- Over automatic telegraphy (ATOL) system – 392,5*

*Main district exchange subscribers are connected to TK-AT-600 exchange via remote automatic telegraph switch (ATS) units.*

*Telegraph channeling equipment of TT-144, TT-48, TT-12, TBY-12M and TBY-15 type and "Alpha-Link M128" modems are used to connect the subscribers in the city's hops.*

*The equipped capacity of CS exchanges – 1195 numbers.*

*The number of terminal locations – 2187units.*

*The equipped capacity of integrated MS+CS exchanges – 2230 numbers.*

*REX-400 hardware-software complex is being implemented for operation in Russian "Rostelemail" message processing system to provide data transfer services by using X.400 protocol.*

In case of channels lease, the features of leased channels are shown, the channels lessor and the periods for which the contracts for communication channels lease are concluded:

*In accordance with concluded contracts as of 30.09.2005 OJSC "VolgaTelecom" leases 2514 communication channels from outside organizations, out of these channels: 51 – digital channels, 2463 – analog channels.*

*Leased channels are distributed between the branches in the following way:*

- 1. Kirov branch leases 879 channels (3 digital, 876 analog channels) under permanent treaties:
  - From OJSC “Rostelecom” 876 analog channels, the treaty with prolongation;
  - From other operators 3 digital channels, the treaty with prolongation;*
- 2. The branch in the Republic of Mordoviya leases 125 analog channels from OJSC “Rostelecom” under permanent treaty.*
- 3. The branch in the Republic of Maryi El leases 12 analog and 6 digital channels from OJSC “Svyaztransneft”, the treaty with prolongation.*
- 4. Nizhny Novgorod branch leases 226 channels,
  - From OJSC “Rostelecom” 215 analog channels, the treaty is valid till 31.12.05;
  - From other operators 11 digital channels, the treaty is valid till 31.12.05.*
- 5. Orenburg branch leases 339 channels (10 digital and 329 analog channels) and a microwave radio trunk for data transfer at 155 Mbps rate;
  - From OJSC “Rostelecom” a microwave radio trunk for data transfer at 155 Mbps rate and 329 analog channels, the treaty is valid till 31.12.05;
  - From other operators 10 digital channels, the treaty is valid till 31.12.05.*
- 6. Penza branch leases 108 channels, including 77 analog and 31 digital channels:
  - From OJSC “Rostelecom” 77 analog and 1 digital channels, leasing treaty is concluded with prolongation;
  - From other operators 30 digital channels, the treaty is with prolongation.*
- 7. Samara branch leases 14 digital channels from outside operators under the treaties with prolongation.*
- 8. Saratov branch leases 556 analog and 1 digital channels from OJSC “Rostelecom” under the treaties with prolongation.*
- 9. The branch in the Republic of Udmurtiya leases 3 digital channels from outside operators under the treaties with prolongation.*
- 10. Ulyanovsk branch leases 242 analog and 1 digital channels from OJSC “Rostelecom” under the treaties with prolongation.*
- 11. The branch in the Republic of Chuvashiya leases 1 digital and 1 analog channel from OJSC “Rostelecom” under the treaty with prolongation.*

*The features of analog and digital channels leased from outside organizations meet the requirements of voice-frequency channel electrical parameters (RF Ministry of communication Order № 43 of 15.04.96) and the requirements of digital channel electrical parameters (RF Ministry of communication Order № 92 of 10.08.96).*

### **3.3. The issuer’s future activity plans**

Brief description of the issuer’s future activity plans and the sources of future revenues:

*The Company’s basic strategic goal to 2006 is to keep the leading position at the Volga region communication services market and maintain the total share of the market at the level of at least 50% by physical indicators, and at least 35% by revenues with due account for the Volga region telecommunication market. The implementation of a number of programs on promoting services rendered by OJSC “VolgaTelecom” (for example, the Program of promoting wideband access networks) will allow for:*

- *increasing income from services of access to information resources from 52,7% to 56,6%;*
- *increasing income from other new services (IP-telephony, Intelligent network services);*
- *increasing income from commercial VIP-customers from 7,9% to 16%.*

*In respect of income growth rates, the priority in the structure of scheduled income is occupied by new telecommunication services. Telecommunication services market of the Volga Federal district is characterized by a low level of penetration of new telecommunication services (services of intellectual network, wideband access and others), the tariffs for which are not subject to government regulation. The basic goal of OJSC "VolgaTelecom" in 2004-2005 – is to strengthen positions at the market of perspective and highly profitable services and maximum possible increase of income share from new telecommunication services in the total structure of the Company's income for the purpose of increasing the general level of cost-efficiency.*

*Interregional Multiservice Network (IMN) of data transfer is to become considerable competitive advantage of the Company (the first stage of its construction in Nizhny Novgorod oblast was already completed). The construction of IMN of OJSC "VolgaTelecom" will allow for establishing virtual networks of large corporate customers in the Volga Federal district, and also for resolving corporate tasks of exchange of information between OJSC "VolgaTelecom" branches.*

*Promoting intelligent networks services remains an important activity trend. The major task of Intelligent network is to provide the customer with the opportunity to get any service, and the operator - with the possibility to render, calculate and rate these services. As Russian advertising market develops and the number of communication channels grows, the demand for such kind of services is growing vigorously.*

*Call center or the Center of calls processing is put into commercial operation in OJSC "VolgaTelecom" branch in the Republic of Udmurtiya and into trial operation in the Company's branch in the Republic of Maryi El and in Nizhny Novgorod branch. The Company's management plans include establishment of Call-Centers in all oblasts' centers of the Volga region for providing its clients with reference information, and for servicing commercial organizations interested in the services of Call-Center.*

*The basic strategic trends of OJSC "VolgaTelecom" development in the medium-term prospect are the following:*

- *satisfaction of solvent demand for basic services at the expense of raising the usage of telephone number capacity;*
- *establishment of unified centers of payments and servicing;*
- *large-scale development of centers of Internet provision, connection of regional data transfer networks to Internet;*
- *implementation of intelligent network services;*
- *improving corporate customers servicing, formation of nomenclature of services optimal for them.*

*Long- term strategic trends of OJSC "VolgaTelecom" development are the following:*

- *establishment of modern telecommunication system, including adjusted digital telecommunication network, equipped with digital automatic switching exchanges, digital transmission systems, fiber-optic communication lines;*
- *universal implementation of new technologies: ISDN, ATM, xDSL;*
- *integration of management and telecommunication infrastructure with international informational and switching systems;*
- *improvement of quality of rendered services;*
- *optimization of the list of services rendered for the purpose of increasing the share of their most progressive kinds;*
- *maximization of profitability of the Company's activity;*
- *optimal tariff policy in the light of observing the interests of the Company's*

- shareholders and of the entire Company;*
- *tight control over the level of expenditures;*
- *conducting active marketing policy;*
- *improvement of corporate governance quality.*

*The change of the Company's activity profile is not planned. The Company will continue to conduct its activity in accordance with valid licenses for communication services provision and in accordance with approved Charter of the Company.*

*In a technical sense OJSC "VolgaTelecom" basic development trend is modernization of the existing network of the Volga Federal district by increasing its digitalization level and by offering a wide range of new services on the basis of digital technologies. For the solution of these tasks the following is planned:*

- *modernization and reconstruction of fixed assets by the replacement of physically and morally obsolete equipment;*
- *development of traditional and new communication services (IP-telephony, intelligent networks services, Internet, etc.);*
- *expansion of operations, including the development of rural communication network;*
- *implementation of time charging of local calls.*

*OJSC "VolgaTelecom" financial plans stipulate:*

- *Increase in proceeds at the expense of growth of provided services volume;*
- *Reduction of specific value of expenditures;*
- *Considerable reduction and liquidation of accounts receivable for communication services;*
- *Conduction of flexible tariff policy;*
- *Attraction of investments.*

*Major sources of the Company's income growth will be:*

- *Growth of subscriber base of local telephone network;*
- *Growth of volumes of DLD & ILD traffic;*
- *Differentiation of provided services range;*
- *Increase in tariffs for local communication;*
- *Labor efficiency growth.*

*The Company's basic strategic goal to 2006 is to keep the leading position at the Volga region communication services market with maintaining the total share of the market at the level of at least 50% by physical indicators, and at least 80% by revenues (excluding cellular operators), and at least 38% by revenues with due account for cellular communication.*

*As of July 1, 2005 OJSC "VolgaTelecom" provides services to over 1000 of corporate customers and VIP-users. The share of business sector in revenues earned by the Company in the first half of year 2005 is 43,5% (out of them 81,7% are from commercial organizations, and 18,3% - from budgetary organizations).*

*The toughening of competition, further activization of the activity by cellular and alternative operators is a prerequisite of losing its positions in business sector by a number of branches by 2006, and as a result the reduction of its share in their revenues and in the revenues of the entire Company.*

*However, the implementation of a number of programs for promoting the services provided by OJSC "VolgaTelecom" (e.g. the Program of promoting wideband access networks) will allow for:*  
*- increasing the revenues from the services of access to information resources from 52,7% to 56,6%;*

- *increasing the revenues from other new services (Intelligent network services);*
- *increasing the revenues from commercial VIP-customers from 7,9% to 16%.*

### **3.4. The issuer's participation in industrial, bank and financial groups, holdings, concerns and associations**

1) Organization: *Association of communication companies of the Volga region*

The issuer's role (place) in this organization: *Founder of the Association*

The issuer's functions in this organization: *Development and promotion of telecommunications and services provided by the Association members*

Participation period: *since 2000*

2) Organization: *"Teleinfo" – The Volga region Association of engineers of telecommunications and informatics*

The issuer's role (place) in this organization: *Founder of the Association*

The issuer's functions in this organization: *Providing services in training activity area*

Participation period: *since 2000*

3) Organization: *Association of operators of federal cellular network NMT-450*

The issuer's role (place) in this organization: *Associated member*

The issuer's functions in this organization: *Assistance in creation and development of federal cellular communication network NMT-450*

Participation period: *since 2003*

4) Organization: *Association of operators of business servicing federal network "ISKRA"*

The issuer's role (place) in this organization: *Association member*

The issuer's functions in this organization: *Coordination of entrepreneur activity*

Participation period: *since 2001*

5) Full name of the organization: *Nizhny Novgorod Association of enterprises and entrepreneurs*

The issuer's role (place) in this organization: *Association member*

The issuer's functions in this organization: *Development and implementation of socially important projects and programs*

Participation period: *since 1997*

### **3.5. The issuer's subsidiary and affiliated economic companies**

1. Full and abbreviated brand name: *Closed Joint Stock Company "Nizhny Novgorod Cellular Communication" (CJSC "NCC")*

Location: *Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi*

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: *Prevailing participation in the charter capital*

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: *100 %*

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: *100 %*

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital:



**none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company:

**none**

Core activity type description: **GSM cellular communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Omelchenko Sergey Valerievich – the Chairman of the Board of directors**

Year of birth: **1963**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Petrov Mikhail Victorovich – member of the Board of directors**

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Kozin Vladimir Vladimirovich – member of the Board of directors**

Year of birth: **1970**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Kuzmin Igor Valerievich – member of the Board of directors**

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Pozdnyakov Denis Vyacheslavovich – member of the Board of directors**

Year of birth: **1976**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**Petrov Mikhail Victorovich – the Chairman of the Management board**

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Molkov Alexander Alexandrovich - member of collegial executive body**

Year of birth: **1959**

Share in the issuer's charter capital: **0,001771 %**

Share of the issuer's ordinary stock belonging to the person: **0,001264 %**

**Martynova Larisa Vladimirovna - member of collegial executive body**

Year of birth: **1971**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Ponomarenko Anatolyi Anatolievich - member of collegial executive body**

Year of birth: **1971**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Ershov Oleg Vladimirovich - member of collegial executive body**

Year of birth: **1977**

Share in the issuer's charter capital: **0,000237 %**

Share of the issuer's ordinary stock belonging to the person: **0,000086 %**

The person performing the functions of single executive body:

**Petrov Mikhail Victorovich – General Director**

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**2. Full and abbreviated brand name: Closed Joint Stock Company "RTCOM" (CJSC "RTCOM")**

Location: **Russia, Saransk town, Kommunisticheskaya str., 54**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:

**Prevailing participation in the charter capital**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **100 %**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **100%**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **GSM and DAMPS cellular communication services provision** The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Petrov Mikhail Victorovich – the Chairman of the Board of directors**

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Pozdnyakov Denis Vyacheslavovich – member of the Board of directors**

Year of birth: **1976**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Tareeva Larisa Valerievna – member of the Board of directors**

Year of birth: **1977**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Bulkin Alexey Anatolievich– member of the Board of directors**

Year of birth: **1963**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Yarovkina Nataliya Valentinovna – member of the Board of directors**

Year of birth: **1969**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Monakhov Oleg Olegovich – General Director***

Year of birth: ***1973***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

3. Full and abbreviated brand name: ***Closed Joint Stock Company "TeleSvyazInform" (CJSC "TSI")***

Location: ***Russia, Saransk town, Bolshevikskaya str., 13***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***100%***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***100%***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***Cable TV services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Nazarov Igor Nikolaevich – General Director***

Year of birth: ***1963***

Share in the issuer's charter capital: ***0,000681 %***

Share of the issuer's ordinary stock belonging to the person: ***0,00082 %***

4. Full and abbreviated brand name: ***Closed Joint Stock Company "Digital telecommunications" (CJSC "Digital telecommunications")***

Location: ***Russia, Cheboksary town, Shumilov str., 20***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***100%***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***100%***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***0,000558%***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***Local telephone communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):  
***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):  
***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Gorshenin Vladimir Serafimovich – General Director***

Year of birth: ***1950***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

5. Full and abbreviated brand name: ***Limited Liability Company "Izhcom" (LLC "Izhcom")***

Location: ***Russia, Izhevsk city, Pushkinskaya str., 278***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:  
***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***100 %***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital:  
***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company:  
***none***

Core activity type description: ***data transfer services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):  
***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):  
***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Shevtsov Valeryi Kirillovich – General Director***

Year of birth: ***1948***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

6. Full and abbreviated brand name: ***limited Liability Company "NIZHEGORODSKYI TELESERVICE" (LLC "NIZHEGORODSKYI TELESERVICE")***

Location: ***Russia, Nizhny Novgorod city, Maxim Gorky square, Dom Svyazi***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:  
***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***100 %***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital:  
***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company:  
***none***

Core activity type description: ***data transfer services and telematic services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):  
***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):  
***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Mukhin Vladimir Alexandrovich – General Director***

Year of birth: ***1953***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

7. Full and abbreviated brand name: ***Limited Liability Company "Vyatka-Page" (LLC "Vyatka-Page")***

Location: ***Russia, Kirov city, Drelevsky str., 43/1***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:  
***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***91%***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital:  
***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company:  
***none***

Core activity type description: ***paging communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Tarakanov Victor Evgenievich – the Chairman of the Board of directors***

Year of birth: ***1951***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Popovskiy Valery Petrovich – member of the Board of directors***

Year of birth: ***1941***

Share in the issuer's charter capital: ***0,017228 %***

Share of the issuer's ordinary stock belonging to the person: ***0,021575 %***

***Zelentsov Maxim Maximovich – member of the Board of directors***

Year of birth: ***1949***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

Personal structure of collegial executive body (Management board, office of the director):  
***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Zelentsov Maxim Maximovich – General Director***

Year of birth: **1949**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

8. Full and abbreviated brand name: **Open Joint Stock Company "Informational commercial networks "Omrix" (OJSC ICN "Omrix")**

Location: **Russia, Orenburg city, Tereshkova str., 10**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **Prevailing participation in the charter capital**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **73,6 %**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **73,6 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **Internet, data transfer network services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Grechushchev Nikolai Fedorovich – Chairman of the Board of directors**

Year of birth: **1948**

Share in the issuer's charter capital: **0,011928 %**

Share of the issuer's ordinary stock belonging to the person: **0,01268 %**

**Evdokimov Oleg Lvovich – member of the Board of directors**

Year of birth: **1963**

Share in the issuer's charter capital: **0,000162 %**

Share of the issuer's ordinary stock belonging to the person: **0,000094 %**

**Zakharov Andrey Sergeevich - member of the Board of directors**

Year of birth: **1972**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Kushavina Yuliya Alexandrovna - member of the Board of directors**

Year of birth: **1974**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Ponomarev Vladimir Ivanovich - member of the Board of directors**

Year of birth: **1945**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**The company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Ponomarev Vladimir Ivanovich – General Director**

Year of birth: **1945**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: *none*

9. *Full and abbreviated brand name: Closed Joint Stock Company "Orenburg-GSM" (CJSC "Orenburg-GSM")*

Location: *Russia, Orenburg city, Volodarsky str., 11*

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: *Prevailing participation in the charter capital*

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: *51%*

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: *51 %*

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: *none*

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: *none*

Core activity type description: *GSM cellular communication services provision*

The importance of the company for the issuer's activity: *Obtaining of additional profit and development of new types of activity*

Personal structure of the Board of directors (supervisory council):

*Omelchenko Sergey Valerievich – the Chairman of the Board of directors*

Year of birth: *1963*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Tareeva Larisa Valerievna – member of the Board of directors*

Year of birth: *1977*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Petrov Mikhail Victorovich - member of the Board of directors*

Year of birth: *1973*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Girev Andrey Vitalievich - member of the Board of directors*

Year of birth: *1973*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Kiryushkin Gennady Vasilievich - member of the Board of directors*

Year of birth: *1949*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

Personal structure of collegial executive body (Management board, office of the director):

*Pyzhov Alexander Anatolievich – the Chairman of the Management board*

Year of birth: *1978*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Pivovarova Marina Gennadievna – member of the Management board*

Year of birth: *1959*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Levin Sergey Nikolaevich – member of the Management board***

Year of birth: ***1967***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Strukova Marina Iosifovna – member of the Management board***

Year of birth: ***1966***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

The person performing the functions of single executive body:

***Pyzhov Alexander Anatolievich – General Director***

Year of birth: ***1978***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

10. Full and abbreviated brand name: ***Closed Joint Stock Company “Ulyanovsk-GSM” (CJSC “Ulyanovsk-GSM”)***

Location: ***Russia, Ulyanovsk city, L.Tolstoy str., 60***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***60%***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***60 %***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***GSM cellular communication services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Kirillov Alexander Ivanovich – the Chairman of the Board of directors***

Year of birth: ***1956***

Share in the issuer's charter capital: ***0,066805%***

Share of the issuer's ordinary stock belonging to the person: ***0,087573%***

***Petrov Mikhail Victorovich – member of the Board of directors***

Year of birth: ***1973***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Kukina Elena Alexandrovna - member of the Board of directors***

Year of birth: ***1977***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Maslennikov Yuri Vasilievich - member of the Board of directors***



Year of birth: **1950**  
Share in the issuer' charter capital: **none**  
Share of the issuer's ordinary stock belonging to the person: **none**

***Skvortsov Boris Vladimirovich - member of the Board of directors***

Year of birth: **1941**  
Share in the issuer' charter capital: **0,009317 %**  
Share of the issuer's ordinary stock belonging to the person: **0,010756 %**

Personal structure of collegial executive body (Management board, office of the director): ***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Ivanov Dmitry Vladimirovich – General Director***

Year of birth: **1971**  
Share in the issuer' charter capital: **none**  
Share of the issuer's ordinary stock belonging to the person: **none**

11. Full and abbreviated brand name: ***Open Joint Stock Company “TATINCOM-T” (OJSC “TATINCOM-T”)***

Location: ***Russia, Kazan city, Lomzhinskaya str., 20A***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***50% + 1 ordinary share***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***50 % + 1 share***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***GSM and DAMPS cellular communication services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Petrov Mikhail Victorovich – the Chairman of the Board of directors***

Year of birth: **1973**  
Share in the issuer' charter capital: **none**  
Share of the issuer's ordinary stock belonging to the person: **none**

***Belobokov Andrey Yakovlevich – member of the Board of directors***

Year of birth: **1958**  
Share in the issuer' charter capital: **none**  
Share of the issuer's ordinary stock belonging to the person: **none**

***Bulkin Alexey Anatolievich – member of the Board of directors***

Year of birth: **1963**  
Share in the issuer' charter capital: **none**  
Share of the issuer's ordinary stock belonging to the person: **none**

***Vlasov Alexander Vladimirovich – member of the Board of directors***

Year of birth: **1967**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Kozin Vladimir Vladimirovich – member of the Board of directors***

Year of birth: **1970**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Kuzmin Igor Valerievich – member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Omelchenko Sergey Valerievich – member of the Board of directors***

Year of birth: **1963**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Pozdnyakov Denis Vyacheslavovich – member of the Board of directors***

Year of birth: **1976**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Fazylzyanov Farit Mansurovich – member of the Board of directors***

Year of birth: **1967**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Ufimkin Anatolyi Yakovlevich – member of the Board of directors***

Year of birth: **1951**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

***Shaidulin Lenart Zaineevich – member of the Board of directors***

Year of birth: **1943**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

Personal structure of collegial executive body (Management board, office of the director): ***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Minnikhanov Kamil Mukhamedovich – General Director***

Year of birth: **1964**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

12. Full and abbreviated brand name: ***Closed Joint Stock Company “Public Telephone Saratov” (CJSC “PTS”)***

Location: ***Russia, Saratov city, Kiselev str., 40***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***50% + 1 preferred share***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **50 %**  
The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **50 % + 1 share**  
The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**  
The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**  
Core activity type description: **wireless communication services**  
The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Korolkov Igor Olegovich – the Chairman of the Board of directors**

Year of birth: **1941**

Share in the issuer' charter capital: **0,1000%**

Share of the issuer's ordinary stock belonging to the person: **0,1240%**

**Lyulin Vladimir Fedorovich – member of the Board of directors**

Year of birth: **1938**

Share in the issuer' charter capital: **0,118464 %**

Share of the issuer's ordinary stock belonging to the person: **0,140716 %**

**Tareeva Larisa Valerievna – member of the Board of directors**

Year of birth: **1977**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Modin Alexey Nikolaevich – member of the Board of directors**

Year of birth: **1974**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Yesikov Alexander Yurievich – member of the Board of directors**

Year of birth: **1963**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Molozanov Alexander Semenovich – member of the Board of directors**

Year of birth: **1962**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director): **The company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Kalinin Andrey Evgenievich – General Director**

Year of birth: **1955**

Share in the issuer' charter capital: **0,001106 %**

Share of the issuer's ordinary stock belonging to the person: **0,000001 %**

13. Full and abbreviated brand name: **Closed Joint Stock Company “Nizhegorodskiy radio telephone” (CJSC “Nizhegorodskiy radio telephone”)**

Location: **Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***50%***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***50 %***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***wireless communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Konkova Lyudmila Alexandrovna – Chairman of the Board of directors***

Year of birth: ***1953***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Karashtin Mikhail Pavlovich – member of the Board of directors***

Year of birth: ***1949***

Share in the issuer' charter capital: ***0,004545 %***

Share of the issuer's ordinary stock belonging to the person: ***0,001906 %***

***Kukina Elena Alexandrovna – member of the Board of directors***

Year of birth: ***1977***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Modin Alexey Nikolaevich – member of the Board of directors***

Year of birth: ***1974***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Molozanov Alexander Semenovich – member of the Board of directors***

Year of birth: ***1962***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Yesikov Alexander Yurievich – member of the Board of directors***

Year of birth: ***1963***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

Personal structure of collegial executive body (Management board, office of the director): ***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Karashtin Mikhail Pavlovich – General Director***

Year of birth: ***1949***

Share in the issuer' charter capital: ***0,004545 %***

Share of the issuer's ordinary stock belonging to the person: ***0,001906 %***

14. Full and abbreviated brand name: ***Closed Joint Stock Company “Saratov Mobile” (CJSC “Saratov - Mobile”)***

Location: ***Russia, Saratov city, Kiselev str., 40***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company’s voting shares***

The size of the issuer’s participation share in the charter capital of subsidiary and/or affiliated company: ***50%***

The size of the issuer’s share of ordinary stock of subsidiary or affiliated company: ***50 %***

The size of participation share of subsidiary and/or affiliated company in the issuer’s charter capital: ***none***

The size of the share of the issuer’s ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***GSM and DAMPS cellular communication services provision***

The importance of the company for the issuer’s activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Marian Tsrnyak – the Chairman of the Board of directors***

Year of birth: ***1942***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Garth Cable Self – member of the Board of directors***

Year of birth: ***1960***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Zvereva Larisa Eduardovna – member of the Board of directors***

Year of birth: ***1968***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Kuzmin Igor Valerievich – member of the Board of directors***

Year of birth: ***1966***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Komarov Igor Valerievich – member of the Board of directors***

Year of birth: ***1966***

Share in the issuer’ charter capital: ***0,000148 %***

Share of the issuer’s ordinary stock belonging to the person: ***0,000115 %***

***Petrov Mikhail Victorovich – member of the Board of directors***

Year of birth: ***1973***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

Personal structure of collegial executive body (Management board, office of the director):

***Korolkov Igor Olegovich – the Chairman of the Management board***

Year of birth: ***1969***

Share in the issuer’ charter capital: ***0,000346 %***

Share of the issuer’s ordinary stock belonging to the person: ***0,000403 %***

**Nelyubov Dmitry Valentinovich - member of collegial executive body**

Year of birth: **1973**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

**Korolkov Igor Olegovich – General Director**

Year of birth: **1969**

Share in the issuer' charter capital: **0,000346 %**

Share of the issuer's ordinary stock belonging to the person: **0,000403 %**

15. Full and abbreviated brand name: **Closed Joint Stock Company “Chery Page” (CJSC “Chery Page”)**

Location: **Russia, Cheboksary town, K.Ivanov str., 83**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **the issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **50%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **50 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **paging communication services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**The company's charter does not stipulate the Board of directors**

Personal structure of collegial executive body (Management board, office of the director):

**The company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Ovchinnikov Andrey Robertovich – General Director**

Year of birth: **1977**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

16. Full and abbreviated brand name: **Closed Joint Stock Company Commercial Bank “C-Bank” (JSCB “C-Bank”)**

Location: **Russia, Izhevsk city, Lenin str., 6**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **the issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **41,73%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **41,73 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **0,001439%**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **0,001919%**

Core activity type description: **banking activity**

The importance of the company for the issuer's activity: **Obtaining of additional profit and**

***development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Sipatova Taisiya Mikhailovna – Chairman of the Board of directors***

Year of birth: **1954**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kapilushnikov Igor Isaakovich – member of the Board of directors***

Year of birth: **1946**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Fariseev Valeryi Mikhailovich – member of the Board of directors***

Year of birth: **1954**

Share in the issuer' charter capital: **0,000049 %**

Share of the issuer's ordinary stock belonging to the person: **none**

***Fomichev Sergey Mironovich – member of the Board of directors***

Year of birth: **1939**

Share in the issuer' charter capital: **0,000777**

Share of the issuer's ordinary stock belonging to the person: **none**

***Yudin Andrey Nikolaevich – member of the Board of directors***

Year of birth: **1973**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***Fariseev Valeryi Mikhailovich – the Chairman of the Management board***

Year of birth: **1954**

Share in the issuer' charter capital: **0,000049 %**

Share of the issuer's ordinary stock belonging to the person: **none**

***Vyalshin Alexander Pavlovich - member of collegial executive body***

Year of birth: **1951**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Malikh Irina Vitalievna - member of collegial executive body***

Year of birth: **1957**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

***The company's charter does not stipulate single executive body***

17. Full and abbreviated brand name: ***Closed Joint Stock Company "Nizhegorodteleservice" (CJSC "Nizhegorodteleservice")***

Location: ***Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated

company: **40%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **40 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **communication services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

***Evdokimov Oleg Lvovich – the Chairman of the Board of directors***

Year of birth: **1963**

Share in the issuer' charter capital: **0,000162 %**

Share of the issuer's ordinary stock belonging to the person: **0,000094 %**

***Zakharov Sergey Anatolievich – member of the Board of directors***

Year of birth: **1949**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Mukhin Vladimir Alexandrovich - member of the Board of directors***

Year of birth: **1953**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kravchenko Konstantin Konstantinovich - member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Valishev Rustam Rashitovich - member of the Board of directors***

Year of birth: **1958**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Zakharov Sergey Anatolievich – General Director***

Year of birth: **1949**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

18. Full and abbreviated brand name: ***Closed Joint Stock Company “Transsvyaz” (CJSC “Transsvyaz”)***

Location: ***Russia, Nizhny Novgorod, Chaadaev str., 2***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***Prevailing participation in charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **80%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **80 %**



The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital:

**none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company:

**none**

Core activity type description: **local telephone communication services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Tolstonogov Nikolai Ivanovich – member of the Board of directors**

Year of birth: **1944**

Share in the issuer' charter capital: **0,036879 %**

Share of the issuer's ordinary stock belonging to the person: **0,041004 %**

**Zakharov Andrey Sergeevich – the Chairman of the Board of directors**

Year of birth: **1972**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Korsakov Sergey Yanovich - member of the Board of directors**

Year of birth: **1954**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Sumin Yuri Afanasievich - member of the Board of directors**

Year of birth: **1957**

Share in the issuer' charter capital: **0,000961 %**

Share of the issuer's ordinary stock belonging to the person: **0,001220 %**

**Konkova Ludmila Alexandrovna - member of the Board of directors**

Year of birth: **1953**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**The company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Sumin Yuri Afanasievich – General Director**

Year of birth: **1957**

Share in the issuer' charter capital: **0,000961 %**

Share of the issuer's ordinary stock belonging to the person: **0,001220 %**

19. Full and abbreviated brand name: **Closed Joint Stock Company "Penza Mobile" (CJSC "Penza Mobile")**

Location: **Russia, Penza city, Kuprin str., 1/3**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **the issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **40%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **40 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **DAMPS cellular communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Marian Tsrnyak – Chairman of the Board of directors**

Year of birth: **1942**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Garth Cable Self – member of the Board of directors**

Year of birth: **1960**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Rublev Igor Valentinovich - member of the Board of directors**

Year of birth: **1963**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Kuzmin Igor Valerievich - member of the Board of directors**

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Nazarov Victor Mikhailovich - member of the Board of directors**

Year of birth: **1944**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**The company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Gerasin Vyacheslav Ivanovich – General Director**

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

20. Full and abbreviated brand name: **Closed Joint Stock Company “Chuvashiya Mobile” (CJSC “Chuvashiya Mobile”)**

Location: **Russia, Cheboksary town, K.Ivanov str., 83**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **the issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **30%**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **30 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **GSM and DAMPS cellular communication services provision**  
The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Garth Cable Self – the Chairman of the Board of directors**

Year of birth: **1960**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Marian Tsrnyak – member of the Board of directors**

Year of birth: **1942**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Rublev Igor Valentinovich -member of the Board of directors**

Year of birth: **1963**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Martynova Larisa Vladimirovna - member of the Board of directors**

Year of birth: **1971**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Zaraiskyi Victor Yakovlevich - member of the Board of directors**

Year of birth: **1949**

Share in the issuer' charter capital: **0,009832 %**

Share of the issuer's ordinary stock belonging to the person: **0,011382 %**

Personal structure of collegial executive body (Management board, office of the director):

**Dubinin Vladimir Ilyich – the Chairman of the Management board**

Year of birth: **1955**

Share in the issuer' charter capital: **0,000861 %**

Share of the issuer's ordinary stock belonging to the person: **0,000065 %**

**Desaga Alexander Stepanovich – member of collegial executive body**

Year of birth: **1957**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

**Dubinin Vladimir Ilyich – General Director**

Year of birth: **1955**

Share in the issuer' charter capital: **0,000861 %**

Share of the issuer's ordinary stock belonging to the person: **0,000065 %**

21. Full and abbreviated brand name: **Closed Joint Stock Company “Samara-Telecom” (CJSC “Samara-Telecom”)**

Location: **Russia, Samara city, Polevaya str., 43**

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: **the issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: **27,8 %**

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: **27,8 %**

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: **none**

Core activity type description: **local telephone communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

***Patoka Andrey Evgenievich – the Chairman of the Board of directors***

Year of birth: **1969**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Chupa Mikhail – member of the Board of directors***

Year of birth: **1960**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kiryushin Gennady Vasilievich - member of the Board of directors***

Year of birth: **1949**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kudryavtsev Alexander Georgievich - member of the Board of directors***

Year of birth: **1954**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Klishin Vitalyi Mikhailovich - member of the Board of directors***

Year of birth: **1974**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Skvortsov Andrey Borisovich - member of the Board of directors***

Year of birth: **1964**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Tareeva Larisa Valerievna - member of the Board of directors***

Year of birth: **1977**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Skvortsov Andrey Borisovich – General Director***

Year of birth: **1964**

Share in the issuer's charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

22. Full and abbreviated brand name: ***Closed Joint Stock Company "Erickson communication" (CJSC "Erickson communication")***

Location: ***Nizhny Novgorod, Gagarin Avenue, 37***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***24%***

The size of the issuer's share of ordinary stock of subsidiary or affiliated company: ***24 %***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***export-import operations, consulting and services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

***At present the company does not conduct activity.***

23. Full and abbreviated brand name: ***Limited Liability Company "Agrocompany "Reanta" (LLC "Agrocompany "Reanta")***

Location: ***Russia, Yoshkar-Ola town, Chavaina blvd., 11 a***

Grounds for recognizing the company to be subsidiary or affiliated in relation to the issuer: ***the issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or affiliated company: ***20,86%***

The size of participation share of subsidiary and/or affiliated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or affiliated company: ***none***

Core activity type description: ***agricultural activity***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Syskov Victor Sergeevich – General Director***

Year of birth: ***1967***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

### **3.6. Composition, structure and the cost of the issuer's fixed assets, information on the plans of acquisition, replacement, retirement of fixed assets, and also on all facts of**

**charge of the issuer's fixed assets**

**3.6 1. Fixed assets (property, plant and equipment)**

Information on initial (replacement) cost of fixed assets and on the amount of accumulated depreciation:

<b>№</b>	<b>Description of groups of fixed assets</b>	<b>Initial (replacement) cost, thousand rubles</b>	<b>Accumulated depreciation amount, thousand rubles</b>
1.	Land plots	5 916 022	-
2.	Buildings	3 621 847 681	831 656 281
3.	Constructions and transfer mechanisms	11 857 646 435	4 757 380 556
4.	Machinery and equipment	17 049 642 090	7 717 105 716
5.	Transportation	451 016 457	314 704 222
6.	Computer machines and office appliances	1 442 627 134	777 155 832
7.	Housing stock	77 544 279	-
8.	Others	330 754 078	210 974 881
<b>TOTAL, rubles:</b>		<b>34 836 994 176</b>	<b>14 608 977 488</b>

Method of calculation of depreciation deductions by groups of fixed assets – *straight- line*.

The results of the latest revaluation of fixed assets:

<b>№</b>	<b>Description of groups of fixed assets</b>	<b>Full value prior to revaluation</b>	<b>Depreciated book value (net of amortization) prior to revaluation</b>	<b>Date of revaluation</b>	<b>Full value after revaluation</b>	<b>Depreciated book value (net of amortization) after revaluation</b>
1.	Land plots	86	86	01.01.2001	86	86
2.	Buildings	338 047	282 148	01.01.2001	715 114	578 978
3.	Constructions	139 329	101 739	01.01.2001	272 891	180 876
4.	Machinery and equipment	1 690 418	921 389	01.01.2001	2 831 632	1 399 509
5.	Transportation	39 642	20 578	01.01.2001	72 582	36 783
6.	Others	7 153	4 362	01.01.2001	9 289	6 050
<b>TOTAL, rubles:</b>		<b>2 214 675</b>	<b>1 330 302</b>		<b>3 901 594</b>	<b>2 202 282</b>

*Fixed assets in OJSC "VolgaTelecom" were revaluated by independent appraiser LLC "Audit-Appraisal", operating on the basis of license Б 953444 № 183, issued by the Committee for management and control of city's property of Nizhny Novgorod oblast on June 18, 1999 for the period of 3 (three) years. Fixed assets were evaluated by market cost, defined in accordance with Federal law № 135-Ф3 of 29.07.98 "On evaluation activity in Russian Federation", confirmed by expert's opinions, the estimation procedure is the calculation of fixed assets replacement costs by means of coefficients.*

*During the last five accomplished fiscal years fixed assets leased for long-term period were not revaluated.*

Plans of acquisition, replacement, retirement of fixed assets the cost of which is 10 and over percent of the issuer's fixed assets value and of other fixed assets at the issuer's discretion:

*The Issuer is not planning to make essential changes in the structure of fixed assets, and the Issuer has no plans of acquisition, replacement, retirement of objects of fixed assets the cost of which is 10 and over percent of the Issuer's fixed assets value.*

Data on all facts of the charge of the issuer's fixed assets:

The facts of fixed assets charge (fixed assets are in pawn) as of 30.09.2005:

Number, date of contract of fixed assets pledge	Amount of pledge, rubles	Purpose of pledge	Date of pledge occurrence	Contract validity term
№ 2-5/1299 of 23.09.02	223 781 838	credit	23.09.2002	25.03.2008
No number of 26.05.2003	21 366 568	credit	26.05.2003	01.05.2006
№ 1 of 24.09.2004	19 489 910	credit	24.09.2004	30.03.2007
№ 204 of 01.09.2003	67 131 057	credit	01.09.2003	01.09.2006
№ 060/615 of 17.12.2004	805 000 000	credit	17.12.2004	17.12.2007
№ 37 of 09.02.2004	733 046 624	credit	09.02.2004	17.11.2008
№ 152 of 09.06.2004	413 817 169	credit	09.06.2004	09.06.2009
№ 172 of 06.07.2004	570 241 274	credit	06.07.2004	09.06.2009
№ 210 of 05.08.2004	206 789 300	credit	05.08.2004	09.06.2009
№ 239 of 01.09.2004	339 152 177	credit	01.09.2004	09.06.2009
№ 267 of 05.10.2004	389 295 733	credit	05.10.2004	05.10.2007
№ 1212-04 of 19.10.2004	16 471 822	credit	19.10.2004	13.10.2005
№ 12 of 27.01.2005	92 822 951	credit	27.01.2005	27.01.2009
№ 40 of 01.03.2005	896 369 550	credit	01.03.2005	03.05.2009
№ 65 of 22.03.2005	114 208 104	credit	22.03.2005	20.09.2006
№ 114 of 11.05.2005	123 452 011	credit	11.05.2005	09.11.2006
№ 131 of 26.05.2005	216 084 366	credit	26.05.2005	24.11.2006
№ 166 of 08.07.2005	154 319 976	credit	08.07.2005	06.12.2007
<b>TOTAL, rubles:</b>	<b>5 402 840 430</b>			

## IV. Data on the issuer's financial-economic activity

### 4.1. The results of the issuer's financial-economic activity

#### 4.1.1. Profit and losses

*The indexes characterizing the profitability and red ink of the issuer for the reporting period*

Index description	Recommended calculation method	Index figure	
		As of the end of quarter 3 of 2005	As of the end of quarter 3 of 2004
Proceeds, rubles	Total amount of proceeds from the sale of goods, products, works and services	15 506 433 178	13 328 176 743
Gross profit, rubles	Proceeds - prime cost of sold goods, products, works and services (except for business and administrative expenses)	4 221 552 329	3 739 998 812
Net profit (undistributed profit (uncovered loss), rubles	Net profit (loss) of the reporting period	1 428 133 429	1 360 193 040
Return on equity, %	$(\text{Net profit}) / (\text{capital and reserves} - \text{target financing and receipts} + \text{deferred income} - \text{treasury stock}) \times 100$	9,10%	9,65%
Return on assets, %	$\text{Net profit} / (\text{balance-sheet assets}) \times 100$	4,77%	5,23%



Net profit ratio, %	(Net profit)/(proceeds) x100	9,21%	10,21%
Product (sales) profitability, %	(Sales profit)/(proceeds)x100	27,22%	28,06%
Turnover of capital	(Proceeds)/(Balance sheet assets – short-term liabilities)	0,73	0,51
Uncovered loss sum as of the report date, rubles	Uncovered loss of past years + uncovered loss of the report year	NA	NA
Ratio of uncovered loss as of the report date to the balance-sheet total	(Amount of uncovered loss as of report date)/ (Balance sheet assets)	x	x

\* The data in the table are referenced as of "the reporting period end", i.e. on an accrual basis as applicable to Form №2.

*A slight reduction of indexes of return on equity, return on assets, net profit ratio, and sales profitability is observed as compared with the data of the relevant period of the past year.*

*The reduction of indexes is governed by lower rate of financial result gain in relation to the increase in the value of capital. This is connected with the increase in the Company's expenses for bank credit servicing and the growth of amortization expenses.*

#### **4.1.2. Factors that affected the change of proceeds amount from the issuer's sale of goods, products, works and services and of profit (losses) of the issuer from the core activity**

- Basic factors influencing the amount of profit and proceeds:

- *communication facilities development;*
- *expansion of the range of provided telecommunication services, including intensive development of new telecommunication services;*
- *tariff policy modification.*

*The Company's proceeds for 9 months amounted to 15 506,4 million rubles, the gain to the relevant period of 2004 – 116,3%, absolute gain – 2 178,3 million rubles.*

*The gain in gross profit for 9 months vs. the relevant period of 2004: 112,9% (481,6 million rubles). The growth of indexes resulted from in the first place for account of increase in the number of provided services, and also for account of tariff policy modification.*

*Income on communication services for 9 months of 2005 grew by 2 102,9 million rubles and amounted to 15 115 119 thousand rubles (97,48% of the total amount of proceeds)*

*The gain in income on communication services provision for the entire Company resulted from:*

- ▶ *Development of local communication services – in urban and rural telephone networks by 332,5 million rubles or 15,8% of the gain figure;*
- ▶ *Increase in volumes of services of other industries by 445,1 million rubles or 21,2% of the gain figure;*
- ▶ *Growth of tariffs for communication services – 1325,3 million rubles or 63,0% of the gain figure.*

*The opinions of the issuer's management bodies in relation to the above mentioned factors and the degree of their influence on the indexes of the issuer's financial-economic activity coincide.*

#### 4.2. The issuer's liquidity, adequacy of capital and current assets

Item description	Calculation method	Quarter 3 of 2004	Quarter 3 of 2005
Own current assets, thousand rubles	Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues – Non-current assets – Long-term accounts receivable	-7 496 737	-10 193 681
Permanent asset index	(Non-current assets + Long-term accounts receivable) / (Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues)	1,5	1,6
Current liquidity ratio	(Current assets - Long-term accounts receivable) / (Short-term liabilities (exclusive of Unearned Revenues))	0,7	0,5
Fast liquidity ratio	(Current assets – Inventories – VAT on acquired values – Long-term accounts receivable) / (Short-term liabilities (exclusive of Unearned Revenues))	0,4	0,3
Ratio of own funds independence	(Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues) / (Non-current assets + Current assets)	0,54	0,52

\* The methods recommended by Russia's FSFM were used for calculation of indexes.

*Scarcity of the Company's own floating capital formed due to the growth of investment expenditures reflects the general situation in subsidiary companies of OJSC "Svyazinvest" holding and speaks to the fact that long-term investments made by the company are to a certain degree financed for account of short-term borrowings. In addition, the Company's financial policy is to raise the funds with longer term to maturity.*

*For all the period under analysis the result of the issuer's operating activity is always positive and this testifies to the fact that the Company's current activity is financed from own resources.*

*Negative index of own current assets based on the results of 9 months of 2005 is due to the financing of capital investments at the expense of borrowed funds.*

*Considerable cheapening of borrowed funds cost should be noted during the period under analysis, this allows for using them in a greater degree in the Company's money turnover.*

*Negative behavior of the index of own current assets is explained by the fact that during this period the basic goal of the issuer's financial policy is the development of communication facilities of the Volga region. Borrowed funds are defined as one of basic sources of the Company's investment activity.*

*Despite the reduction, the ratio of own funds independence is also within the norm (not lower than 0,5-0,6).*

*Permanent asset index value in the reporting period was higher than 1, as during these periods the issuer's own resources were insufficient to cover capital investments.*

*Performance degradation of current and fast liquidity vs. similar period of the past year is connected with outstripping growth rate of accounts payable resulted from the cover of scarcity of the company's own floating capital for financing of investment activity by counterparties' payment by installments.*

*The issuer is facing the following tasks within the terms of realizing the arrangements to improve the liquidity:*

- search of optimal correlation of the structure of assets and liabilities from the point of view of profitability and risks, limitations on liquidity being taken into account;*
- simulation investigation of the Company's liquidity position for medium-term prospect;*
- improvement of borrowed capital structure;*
- sale of non-core assets.*

*For 2005 the Company's management elaborated a list of arrangements to improve the issuer's liquidity:*

- *diversification of short-term liabilities as related to credits and loans into long-term liabilities;*
- *financing of the Company's investment activity by attracting outside long-term sources of financing;*
- *optimization of the arrears structure to suppliers and contractors (establishment of settlements procedure with optimal distribution of debt load);*
- *carrying out the analysis of expediency and efficiency of financial investments.*

Description of factors that resulted in the change of performance by 10 and over percent vs. the previous reporting period:

*The growth of scarcity of own floating capital is connected with the excess of non-current assets growth over the growth of capital and contingency reserve provisions which is connected with the growth of the Company's investment plan.*

*Performance degradation of current and fast liquidity vs. similar period of the past year is connected with outstripping growth rate of accounts payable resulted from the cover of scarcity of the company's own floating capital for financing of investment activity by counterparties' payment by installments.*

*The opinions of the issuer's management bodies in relation to the mentioned factors and the degree of their influence on the indexes of the issuer's financial-economic activity coincide.*

#### **4.3. The size and the structure of the issuer's capital and current assets**

##### **4.3.1. The size and the structure of the issuer's capital and current assets**

The structure and the size of capital and current assets for 9 months of 2005 *did not undergo material changes.*

The sources of current assets financing – *borrowed loans and bank credits.*

According to accounting statement for 9 months of 2005 *the structure and the size of OJSC "VolgaTelecom" capital are the following:*

<b>Capital item</b>	<b>Amount, thousand rubles</b>
Charter capital (in accordance with OJSC "VolgaTelecom" Charter)	1 639 765
Total value of the issuer's shares redeemed by the issuer for further re-sale (transfer)	-
The portion of the issuer's shares redeemed by the issuer for further	-

re-sale (transfer) of the placed shares (Charter capital)	
Reserve funds	81 988
Additional capital	3 857 863
Target financing	9 893 878
Target financing	-
<b>Capital total (thousand rubles):</b>	<b>15 473 494</b>

According to the accounting statement for 9 months of 2005 *the structure and the size of OJSC “VolgaTelecom” current assets are the following:*

<b>Current assets item</b>	<b>Amount, thousand rubles</b>
Inventories	761 049
VAT for acquired valuables	946 824
Accounts receivable	1 819 220
Short-term financial investments	4 726
Monetary funds	527 540
Other current assets	1 022
<b>Current assets, total (thousand rubles):</b>	<b>4 060 381</b>

The structure and the size of capital and of current assets for 9 months of 2005 *did not undergo material changes.*

The sources of current assets financing – *borrowed loans and bank credits.*

*The Issuer conducts the policy of current assets financing based on attracting borrowed funds to cover the scarcity of own floating capital. Borrowed funds occupy larger portion in the sources of OJSC “VolgaTelecom” floating capital financing. The scarcity of own floating capital is connected with the Company’s investment program financing aimed to win the market and to improve the quality of provided services.*

*The change of the Company’s investment program affects the change of the policy of floating capital financing, this program being made up on the basis of the analysis of the market conjuncture. In the near term the changes in the Company’s investment program are unlikely.*

*In the issuer’s opinion the referenced performances of the size and structure of capital and current assets are acceptable for normal operation of the Company from the point of view of capital and current assets adequacy.*

#### **4.3.2. The issuer’s financial investments**

The issuer’s financial investments as of 30.09.2005 amount to *1 312 983 thousand rubles*, 10

per cent of the amount of the issuer's financial investments - **131 298 thousand rubles**.

The list of the issuer's financial investments into issuing securities the balance-sheet value of which is 10 and over percent of all the issuer's financial investments as of the end date of the reporting quarter – **30.09.2005**:

<i>The company's name</i>	<i>Activity type</i>	<i>Total balance-sheet value, thousand rubles</i>
<b>Subsidiary companies</b>		
<b>CJSC "Nizhny Novgorod cellular communication"</b>	<b>Cellular communication services</b>	<b>651 974</b>
<b>OJSC "Tatincom-T"</b>	<b>Cellular communication services</b>	<b>473 936</b>

The issuer's financial investments which make 10 and over percent of all its financial investments as of the end date of the reporting quarter:

1) Type of securities: **shares**

The issuer's full and abbreviated brand name: **Open Joint Stock Company "Tatincom-T", OJSC "Tatincom-T"**;

Location: **The Republic of Tatarstan, Kazan city, Lomzhinskaya str., 20A**;

State registration numbers of the issuing securities issues and the dates of state registration, registration bodies: **№ 1-01-55125-D registered on 11.06.1998 by regional department of Russia's FCSM in the Republic of Tatarstan; № 1-02-55125-D registered on 11.08.2000 by regional department of Russia's FCSM in the Republic of Tatarstan**

The quantity of securities OJSC "VolgaTelecom" owns: **3 418 837 pieces**

Total face value of securities that the issuer owns: **170 941,85 thousand rubles**

Total balance-sheet value of the subsidiary company's securities that the issuer owns: **473 936 thousand rubles**

The size of dividends on preferred shares or the procedure of its determination in case if it is defined in the charter of joint stock company-issuer, the dates of payment:

**There are no preferred shares in the charter capital of OJSC "TATINCOM-T"**;

The size of declared dividend on ordinary shares (if there are no data on the size of declared dividend on ordinary shares in the current year, the size of dividend declared in the previous year is to be indicated), the dates of payment:

**The general annual meeting of OJSC "TATINCOM-T" stockholders held in 2005 passed the resolution not to pay dividends for 2004.**

2) Type of securities: **shares**

The issuer's full and abbreviated brand name: **Closed Jointed Stock Company "Nizhny Novgorod Cellular Communication", CJSC "NCC"**

Location: **Nizhny Novgorod, M.Gorky sq., Dom Svyazi**

State registration numbers of the issuing securities issues and the dates of state registration, registration bodies: **№ 32-1-1535 of 16.06.1997, the Department of Finance of Nizhny Novgorod oblast Administration.**

The quantity of securities OJSC "VolgaTelecom" owns: **100 000 pieces**

Total face value of securities that the issuer owns: **21 629,4 thousand rubles**

Total balance-sheet value of the subsidiary company's securities that the issuer owns: **651 974 thousand rubles**

The size of dividend on preferred shares or the procedure of its determination in case if it is defined in the charter of joint stock company – issuer, the dates of payment:

***There are no preferred shares in the charter capital of CJSC “Nizhny Novgorod Cellular Communication”;***

The size of declared dividend on ordinary shares (if there are no data on the size of declared dividend on ordinary shares in the current year, the size of dividend declared in the previous year is to be indicated), the dates of payment:

***The size of declared dividend on ordinary shares approved by the annual general meeting of stockholders on 15.06.05 amounted to 399 rubles per a share. The deadline for dividends payment is before December 31, 2005.***

The list of the issuer’s financial investments into non-issuing securities and of other financial investments of the issuer (contributions to charter capitals of limited liability companies, etc.) as of the end date of the reporting period.

***As of 30.09.2005 the list is not provided within the terms of the report’s requirements (there are no issuer’s investments into non-issuing securities and other financial investments the cost of which is 10 and over percent of all financial investments).***

Information about established provisions for securities. ***As of 31.12.2004 the provision for securities in the amount of 533 thousand rubles was established in the accounting. As of 01.01.2004 the size of the provision for securities amounted to 512 thousand rubles.***

***Financial investments are accounted and presented in the accounting statement in accordance with Bookkeeping regulations “Accounting of financial investments” ПБУ 19/02” and Bookkeeping regulations “Accounting statement of organization” (ПБУ 4/99).***

#### **4.3.3. The issuer’s intangible assets**

***As of 30.09.2005 intangible assets are:***

<b>№</b>	<b>Description of groups of intangible assets</b>	<b>Full value, rubles</b>	<b>The amount of accumulated depreciation, rubles</b>
1.	Exclusive rights for utility software, data bases	106 113	106 113
2.	Exclusive rights for trade marks	28 251	9 417
<b>TOTAL, rubles:</b>		<b>134 364</b>	<b>115 530</b>

***The information on intangible assets is reflected in bookkeeping in accordance with Bookkeeping regulations “Accounting of intangible assets” ПБУ 14/2000”, the instructional guidelines on the intangible assets accounting in the companies of “Svyazinvest” group.***

#### **4.4. The data on policy and the issuer’s expenses in the area of science-engineering development, and also in relation to licenses and patents, new developments and investigations**

The issuer’s policy in science-engineering development area:

***The issuer’s policy in science-engineering development area includes the replacement of outdated and inefficient equipment, implementation of acquired innovation technologies, and also the intake of highly-qualified personnel and implementation of modern management system.***

The expenses for science-engineering activity for account of the issuer’s own funds:

*The issuer did not incur the expenses for science-engineering activity, including for the purchase of the results of science –engineering development and did not order new products development with outside organizations (outsourcing) for account of own funds.*

#### **4.5. Analysis of the development trends in the issuer’s core activity area**

Basic trends of communication industry development since 2000 and basic factors affecting the industry’s status:

*Communication industry is one of the most dynamically developing industries of Russia’s economy. Its growth rates considerably exceed the performances of other industries.*

*One of the most important trends of the industry’s development in the years to come is radical improvement of communication companies tariff policies by bringing the size of the tariffs for communication services to the level of economically justified expenditures, by reducing to minimum of cross-subsidy of communication services. In particular, within the framework of the reform of price formation of communication services it is supposed to increase the tariffs for local telephone communication and retreat from the subsidy of local communication services by long-distance communication services. OJSC “Svyazinvest” holding, RF Ministry of information technologies and communication and Federal antimonopoly service are jointly working on the change of tariff policy.*

*In the area of investment policy of inter-regional communication companies the tendency is observed to maintain considerable volumes of capital investments for expansion and modernization of public telephone networks and of data transfer networks which is aimed to liquidate the waiting lines for telephone installation and to raise the level of networks digitalization.*

*The contribution of communication industry into GDP has steady tendency for growing (2001 – 2,1%, 2002 – 2,4%, 2003 – 2,9%) and in absolute figures it is: 2001 – 183,9 billion rubles, 2002 – 217,6 billion rubles, 2003 – 385,8 billion rubles.*

*During the last several years the tendency is observed of re-distribution of income in favor of non-traditional communication services and basically of mobile communication. Since 1999 when the tariffs for local communication started to be established by the government the share of fixed line telephony if the industry’s income structure reduced substantially.*

*The tendencies of DLD & ILD services development are connected with the development of alternative communication services, such as IP-telephony, Internet, etc.*

*This results in decrease of share of income from DLD & ILD services in the total share of proceeds. Simultaneously, the behavior of income from DLD & ILD services is affected by the decrease of average profit rate per call minute, which is connected with redistribution of outgoing traffic of long-distance communication between intrazonal and trunk traffic; and for international communication between Baltic States, CIS countries and foreign countries.*

*For the last three years the largest growth rate is with new communication services, such as Internet, ISDN, IP-telephony, intelligent platform services, etc.*

Basic factor affecting the industry’s status:

- *change of government regulation of the industry (including the policy of price formation for regulated communication services, availability of licenses and realization of the industry’s reform);*
- *systematic condition of the country’s economy as communication being infrastructure industry is very sensitive to such changes.*

Overall assessment of the results of the issuer’s activity in the industry:

*Marking the basic trends of the Company’s development one should rely on the Company’s goals and mission at the market. The Company’s affiliation to the services production*

*sphere defines the basic goal of the Company which is to obtain additional profit by tracking and reacting to the market demands with the further satisfaction of demand for the services.*

*The understanding of this goal predefines the tendencies and trends of the Company's development:*

*The first and foremost task of the Company is to keep and to increase the market share of local telephone communication services, currently the total share of income from these services is 43,1% in the total amount of the Company's income. The increase of share of income from this segment is to a considerable extent facilitated by annual industry development as well as by flexible tariff policy.*

*The total gain of telephone numbers for the period under analysis, starting from 2000, made 1 041 thousand lines. In addition, one more aspect of this communication industry development is the replacement of analog switching equipment with digital one. The equipment replacement allows for improving the quality of provided services, for introducing additional accompanying services, thus improving servicing and creating competitive advantages at the market. In 2001 the network digitalization made up 33%. In 2004 this figure is equal to 56,5%.*

*The tendencies of core activity development for 2000 – 2004 are detailed below.*

## **2000**

*In order to hold the positions at the market and to increase the competitiveness of its services, the Company intensively developed its network and in particular: it upgraded the existing network and constructed the new one with the use of advanced technologies, which served as the foundation for developing new services and occupation of market segments. To achieve this digital telephone exchanges were commissioned, the Company builds digital transmission systems by using hi-tech equipment, introduces digital subscriber radio access equipment, automatic telephone exchange equipment.*

*In 2000 alternative carriers became more active, especially at the market of data transfer services and Internet. In the nearest future it is possible to expect the emergence of new competitors at this market, and in the first place from natural monopolists, having or constructing transport network (RAO "Unified Energy Systems of Russia", RAO "Gazprom", Russia's Ministry of Railways).*

*Target strategy of OJSC "Nizhegorodsvyazinform" for the period to 2004 is to increase competitiveness and to develop the production on the basis of already available infrastructure.*

*One of the main conditions of increasing services competitiveness is application of new technologies (ISDN, Internet, telephone "+", voice mail, IP-telephony). It should be noted, that Internet is one of highly profitable services, for two years of intensive development the Company's share at the Internet market in Nizhny Novgorod reached 30% and in Nizhny Novgorod oblast – about 90%. In 2000 the project "Internet to schools, hospitals, museums of Sovetskiy district of Nizhny Novgorod" was completed (18 schools, 3 hospitals, central library system – in total 45 organizations). This allowed for increasing the number of Internet users up to almost 5000. As of 01.01.2001 the number of Internet subscribers was 4 951 (1400 – as of 01.01.2000). Service-Center was established in Nizhny Novgorod.*

*In 2000 the Company continued downloading DECT "DRA-1900" subscriber radio access system equipment. As of 1.01.2001 in the oblast there are 960 telephones with radio access.*

*At inter-station communication network of Nizhny Novgorod city's telephone exchange, the transport communication network SDH was expanded by commissioning a new transport node St-20 in linear mode of STM-4 level.*

*Installed capacity of SDH transport network was increased by 60 E1 compared to 1999 and as of 01.01.2001 made up 850 streams of E1.*

*As of 01.01.2001 the installed capacity of city's automatic software-controlled telephone exchanges made up 619231 numbers or 83,9 % of total installed capacity.*

*By the end of 2000 the city's telephone exchanges in Nizhny Novgorod and in 10 towns of the oblast were in operation and their total capacity was 523496 numbers.*

*In 8 towns of the oblast the city's telephone exchanges were in trial operation. Total capacity of automatic telephone exchanges in these towns made up 43456 numbers.*



*Time-based billing system of the specified automatic telephone exchanges is in operation since 01.01.2001.*

*As of 01.01.2001 the installed capacity of rural automatic software-controlled telephone exchanges made up 2048 numbers or 2,3% of the total installed capacity of rural telephone exchanges.*

*During the year the automatic telephone exchanges of total capacity of 40,8 thousand numbers were put into operation, including in Nizhny Novgorod – 20 thousand numbers, 41 thousand telephone sets were installed, including 35,5 thousand in apartments of citizens. All this allowed to increase the number of telephone sets per 100 residents in the oblast by the end of the year up to 21, 9.*

*In 2000 the Company continued to install universal payphones of TMC-БМ-01 type of “Kvarts” make. During the year 116 universal payphones were additionally installed at city’s and rural telephone networks.*

## 2001

*The Company’s policy in relation to traditional communication services is oriented to holding the positions at the market with simultaneous increase of degree of satisfaction of solvent demand.*

*For the greatest satisfaction of solvent demand the Company continued intensive activity for the network development, upgrading of communication facilities and technological processes, improvement of quality and increase in provided services volumes.*

*Special attention was paid to the application of new technologies (ISDN, Internet, Telephone Plus, voice mail, IP-telephony). During the two years of intensive development, due to flexible tariff policy and ongoing perfection of its technical base, the Company became the leader.*

*Current modernization and the development of telephone communication network are aimed at creation of modern, hi-tech, multi-service telecommunication network. When designing a digital network the basis is the strategy of deploying digital automatic telephone exchanges in such a way so that there is the opportunity of access to digital network services in all districts of the city, and in the first place in the centers of business activity. Thus, the most active part of Nizhny Novgorod business already has the opportunity of using modern communication services in its activity.*

*OJSC “Nizhegorodsvyazinform” is consistently realizing market strategy of integrated growth, leading to achieving the strategic goal of the Company-the leader (managing interregional company), and namely – creation and realization of scope of competitive services, getting maximum possible profit and increasing investments efficiency.*

*Major essential events of the year contributing to improvement of the activity results:*

- Automatic telephone exchanges of total capacity of 40,0 thousand numbers, including 20 thousand numbers in Nizhny Novgorod were put into operation;*
- 44, 3 thousand telephone sets were installed, including 19, 6 thousand in Nizhny Novgorod, out of them 15, 8 thousand telephones were installed in apartments. This allowed to increase the number of telephones per 100 residents, which as of 01.01.2002 in the oblast was 22,7, and in Nizhny Novgorod – 32,5;*
- The project “Internet to schools, hospitals, museums” for Leninskyi district of Nizhny Novgorod was completed (21 school, 1 hospital, 1 library);*
- The development of service centers network in the oblast is continued, in 2001 5 centers were established in Nizhny Novgorod oblast;*
- Additional services were provided to 73800 subscribers;*
- ISDN services were provided to 467 subscribers;*
- 82,4 % of rural telephone exchanges are equipped with automatic number identification function, that allowed to organize automatic long distance telephone communication for rural subscribers;*
- For 163 subscribers the telephone sets were installed by using DRA radio*

equipment;

- 52 universal payphones were installed;
- The first stage of SDH transport network based on synchronous transmission systems was put into operation at Nizhny Novgorod city's telephone exchange in 1997. Currently, in Nizhny Novgorod SDH network has three transport rings of total extension of 144 km (totally 213 km of fiber-optic cable were installed).

The Company pays special attention to the development of services of access to the Internet. The Company has designed and carries out the set of activities to expand the base of Internet users. In 2001 OJSC "Nizhegorodsvyazinform" took the leading positions in providing dial-up access to Internet. The users are provided the entire range of services of data transfer network, starting from dial-up access to organization of gateways, leased channels and creation of corporate network for customer data transfer. ISDN, xDSL digital access technologies are applied.

Exclusive service "Internet for All" provides the access to Internet over long-distance communication channels. In Nizhny Novgorod oblast this service is provided to 80% of all Internet users.

The Company continued realization of the project of creating Internet-clubs, providing session access to the network. 6 Internet-clubs are operating, 3 of them are in Nizhny Novgorod.

In 2000 the Company won the tender for realization of the program "Internet to schools, hospitals, museums". In 2001 21 school, 1 hospital and 1 library were connected to Internet via an allocated channel.

The first stage of construction of corporate multi-service network of data transfer is completed; the network includes 21 nodes in Nizhny Novgorod and 18 nodes in Nizhny Novgorod oblast. The network is built with fiber-optic cable. 19 nodes of access to data transfer network in Nizhny Novgorod and 9 nodes of access in Nizhny Novgorod oblast were put into operation and modernized.

The Company continued the activity for connecting the subscribers to digital network with integration of ISDN services. By the end of 2001 the number of operated ports amounted to 467. Within the terms of providing ISDN services the Company realized the tasks of combining remote segments of corporate network of data transfer and organization of video conferences for subscribers of Nizhny Novgorod and Dzerzhinsk. The program of telemedicine development on the basis of ISDN equipment was continued. There were a number of consultations (video conferences) with participation of medical personnel from Nizhny Novgorod and leading medical institutes and hospitals from Moscow.

The realization of the project for creating the network of Service Centers was continued. The main idea of the project is to provide end-to-end services to customers as regards the organization of communication on the basis of advanced technologies: from installation of a telephone set to the development and realization of corporate network as per the customer's requirements. By the end of the year 5 Service Centers were in operation in Nizhny Novgorod and in Nizhny Novgorod oblast.

## 2002

Under the conditions of the Company's incorporation the paramount issue is to work out uniform technical policy, which will serve for the solution of the major Company's task – modernization of the network and meeting the demand for OJSC "VolgaTelecom" services.

The policy as regards traditional communication services is oriented for holding the positions at the market with simultaneous increase of the degree of meeting solvent demand. For this the Company continues intensive activity in the network development, improvement of communication facilities and technological processes on the basis of modern equipment, improvement of quality and increase in the volume of offered services.

By the end of the year the number of city's telephone exchanges was 928 with total installed capacity of 3 532 619 numbers. During the year the city's telephone exchanges' capacity increased by 367 thousand numbers.

By the end of 2002 time-based billing system of calls cost was in operation in Nizhny

*Novgorod, Orenburg, Penza oblasts and in the Republic of Mordoviya.*

*The activity in installation and putting into operation of ANI function at rural telephone networks was continued. The capacity of rural telephone exchanges equipped with ANI function made up 643 103 numbers.*

*With the development of new modern kinds of communication, the demand for telegraph services is gradually going down.*

*Wire broadcasting is a loss-making sector, so OJSC "VolgaTelecom" carries out the actions for changing-over rural wire broadcasting into on-air broadcasting, which allows to reduce total costs of wire broadcasting and increase the profitability and the quality of work of city's broadcasting centers. The program of wire broadcasting change-over into the on-air broadcasting is developed for each branch of the Company.*

*OJSC "VolgaTelecom" network of on-air broadcasting includes 73 low power radio broadcasting transmitters of less than 1 KW power and 19 powerful transmitters of 1 KW power and above.*

*In a number of OJSC "VolgaTelecom" branches there are in operation TV transmitters for receive and broadcasting of TV programs. At the same time the Company is actively developing the existing networks of cable TV in Orenburg and Samara branches, in the branches of Chuvash Republic and the Republic of Mariy El, and is constructing new systems of cable TV. It is planned to construct new cable TV systems, in Nizhny Novgorod city including. The first stage of the construction will be realized in 2003 and is designed for connecting 75 000 subscribers.*

*The development of new communication services is of great importance for OJSC "VolgaTelecom".*

*One of the main tasks is to strengthen positions at the market of hi-tech kinds of communication. All branches of OJSC "VolgaTelecom" provide services of Internet access both by dial-up technology and over allocated lines.*

*By the end of 2002 in the Volga region the number of users with dial-up access to Internet was about 204 thousand, 107 thousand of them use the services of OJSC "VolgaTelecom". Thus, the Company's share at the market of dial-up access to Internet is 52%.*

*The number of customers for access services over the allocated line is about 1600, which as per OJSC "VolgaTelecom" estimation makes up from 45 to 50%.*

*The service of wideband digital access is being actively implemented. By the end of 2002 in OJSC "VolgaTelecom" the number of connection points by xDSL technology was 583, out of them 48% were in Nizhny Novgorod branch.*

*IP-telephony is a perspective service. The development of IP-telephony service is planned to be carried out in 2 directions:*

- The first one is installation of IP-telephony nodes for DLD & ILD communication. The service is provided by application of pre-paid cards;*
- The second direction of IP-telephony development is a "package" service; provision of access to PSTN via data transfer network. Here the "last mile" is xDSL wideband access. This is the first stage of change-over to NGN (Next Generation Network) with packet switching.*

*The other large project is the construction of Intelligent network based on a single platform. In 2002 the contract was signed with "Huawei Technologies" company for Tellin® Intelligent platform. On the basis of this platform 5 intelligent services will be provided: 4 services from CSI set (free phone - FPH, voting over telephone - VOT, call with additional payment - PRM, call by pre-paid card - PCC), and one service (universal access number - UAN) – for testing and further certification.*

## **2003**

*Financial and economic and production indexes of OJSC "VolgaTelecom" for 2003 reflect the efficiency of the incorporation of regional communication enterprises into the joint interregional company which has been completed by the end of 2002.*

*By the results of the year the Company achieved the scheduled level of income and profit.*

*The gain of income from rendering telecommunications services for the entire Company amounted to 3 653 541 thousand rubles.*

*The income gain was ensured due to the development of telecommunication industries, the increase in outgoing paid exchange, increase in tariffs, and the change of procedure of formation of tariffs on local telephone connections for privileged consumer categories (veterans, invalids), the obtaining of income for the incoming traffic from OJSC "Rostelecom" over long-distance and international telephone communication, and namely:*

- the network development and the increase in long-distance exchange by 1 971 795 thousand rubles or by 54 %;*
- increase in telecommunications services tariffs - 1 396 762 thousand rubles or 38 % of the gain sum, including due to the increase in tariffs for telecommunications services regulated by the government, by 1 028 965 thousand rubles or 28 % of the total sum of income gain;*
- the change of calculation methods in regard of services rendered by OJSC "Rostelecom" by 284 984 thousand ruble or 8 % from the total sum of income gain.*

*The Company's potential formed after the incorporation of 11 regional carriers, allows to extend annually the volume and to improve the quality of services in all telecommunications sub-industries.*

*As of January 01, 2004 the total installed capacity of city and rural telephone exchanges amounted to 4462 thousands numbers.*

*For the previous year automatic telephone exchanges with total capacity of 455,5 thousand lines were commissioned. During 2003 the installed capacity of city and rural telephone exchanges grew by 224 thousand lines, the growth rate vs. the previous year - 105,3%. The installed capacity of digital automatic telephone exchanges of rural telephone communication grew faster – 144,55%. This caused the growth of the share of digital exchanges in the total installed capacity of rural exchanges switching facilities and by the results of the year amounted to 14,2 %.*

*The total extension of long-distance channels as of January 01, 2004 amounted to 15236,8 thousand channel/km, the gain for 2003 - 3630,7 thousand channel/km, including of digital network 12983,4 thousand channel/km (85,2 %), the gain – 3859,9 thousand channel/km.*

*The extension of digital network channels is formed by the digital systems of transmission of synchronous (11537,5 thousand channel/km - 88,9%) and plesiochronous (1445,9 thousand channel/km -11,1%) digital hierarchy.*

*In the report year the production activity of OJSC "VolgaTelecom" cable industry employees was aimed at the reconstruction of cable industry facilities for the purpose of improving qualitative indexes, increase in income and reduction of operational costs. So in 2003 the works aimed at upgrading switching facilities of telegraph industry were conducted. Instead of physically and morally outdated exchanges of OP ETK-KS network u and of AT/TX Nicola – Tesla network, the integrated exchange TK-AT-600 was installed in the telegraph shop of long-distance telephone telegraph communication of Saransk town.*

*In the fourth quarter of 2003 according to the investment plan, in the branch in the Republic of Chuvashiya the reconstruction of public telegraph network and AT/TX on the basis of telegraph switching server TKS "Vector 2000" produced by CJSC "LInTekh" (Moscow city) was completed.*

*In Orenburg oblast's radio-TV transmission centre OJSC "VolgaTelecom" finished the works on changing over the space communication receiving stations from analog to digital mode of "DMT-1000" type - 268 sets.*

*9 radio broadcast transmitters were installed – in Kirov branch, branch in the Republic of Mordoviya, in Orenburg and Samara branches, for the purpose of broadcasting the program "Radio of Russia" in the zones of intermittent reception of RTRS VGTRK transmitters, for the change over of subscribers from wire broadcast to on-the-air reception of programs.*

*The first phase of cable television was commissioned in Nizhny Novgorod, 292 subscribers were connected to it. The total design capacity is 2300 subscribers. 28 TV programs are being broadcasted; the subscribers of cable television got the opportunity of high-rate access to the Internet.*

*The number of cable television subscribers grew in the branches of Republics of*

*Chuvashiya and Maryi El. MMDS system functions in Samara branch (Syzran and Toliyatti towns). The construction of the first phase of cable television network in Orenburg has been completed.*

*The introduction by the branches of services: "Internet for all", Internet by prepaid cards and service telephone cards, the implementation of successful marketing policy allow to win successfully subscribers at the competitive market of Internet services. The new service introduced by Saratov's branch "Internet - free access" became popular and effective.*

*The number of the Internet-users is now 190 thousand, out of them the largest part – 50 thousand in Nizhny Novgorod branch. The construction of access nodes using digital servers produced by the leading manufacturers CISCO, LUCENT, HUAWEI, assured the growth of the number of users of dial-up Internet access services.*

*The market situation shows the essential interest of enterprises in connection to OJSC "VolgaTelecom" data transmission networks for the purpose of consolidation of available segments into unified corporate networks of data transfer at regional and interregional level. For example, the contracts with RTCom.RU for the connection of objects of Federal Target Program "Electronic Russia", all the branches participated in their realization.*

*The other important trend of activity is the promotion of intelligent network services. If in 2002 the income from Intelligent network services of the entire interregional company amounted to about 12 million rubles, then in 2003 it has achieved 94,8 million rubles (out of them 99% is the share of service telephone cards). The most successful in the promotion of prepaid service telephone cards were the branches in the Republic of Udmurtiya, and also Penza and Ulyanovsk branches.*

*In the Republic of Maryi El the start of operation of service telephone card platform based on AVAYA facilities was successful.*

*In Ulyanovsk city in 2003 IP-telephony service by using prepaid cards was introduced.*

*In the branch in the Republic of Udmurtiya the services are successfully developed on the basis of intellectual platform "Protey". At present, the uniform reference services "09" of Izhevsk city and of the Republic, and also manual switch shop of trunk line exchange are changed over to the contact-center "Protey" platform. The system of automatic information on the customer account status of residential sector subscribers, of providing information on long-distance tariffs and codes is started. Service telephone cards in Udmurtiya are the universal instruments of payment for the telephone communication services and for the cellular communication and the access to the Internet.*

## **2004**

*Year 2004 showed that consolidated Company OJSC "VolgaTelecom" continues to grow with good dynamics and also has the potential for the development in the future. The consolidation in 2002 allowed for creation of competitive company, for holding dominant position actually in all segments of telecom market of the Volga Federal district – one of the most economically developed regions of Russian Federation. In 2004 the proceeds amounted to 18 605 million rubles which is by 3 928 million more than for the similar period of the past year or by 26,8%.*

*The Company's basic sources of revenues in 2004:*

- *Revenues from local phone connections amounted to 5665,4 million rubles. As of the end of 2004 the number of local PSTN subscribers was 4343 thousand.*
- *1 504,1 million rubles of revenues were received by the Company from providing access to telephone network (access to local PSTN was granted to 335 000 basic phone sets) or on average 4,5 thousand rubles per each installation.*
- *Revenues received due to the increase in DLD & ILD exchange connected with the Company's network development. The revenues of this sector amounted to 6 454,7 million rubles. By the results of the year DLD & ILD exchange was 2316,1 million*

minutes and vs. 2003 it grew by 116,1%.

- *Dynamical development of services provided by means of new technologies. In 2004 the percentage of new services in the total volume of communication services was 5,2%. The revenues amounted to 938,2 million rubles. During the last three years over 1 348 million rubles were invested into the development of this sector.*
- *Revenues from connection and traffic transfer services amounted to 2 019,8 million rubles. The percentage of revenues from connected operators in the total volume of communication services grew from 5,5% (by the results of 2003) to 11,1% (by the results of 2004).*

*During 2004 at Inter-Regional Company (IRC) "VolgaTelecom" PSTNs the construction and putting into operation of the equipment at 82 city's phone exchanges of total capacity of 491445 numbers was completed.*

*Digital phone exchanges made the main input of installed capacity at PSTNs. For 2004 the share of digital exchanges in the total capacity of switching equipment at IRC PSTNs increased from 54,86 % to 63,42 %.*

*Occupation efficiency of installed capacity of all ATXs installed at OJSC "VolgaTelecom" PSTNs increased from 93,2 to 93,6 %.*

*As of 01.01.2005 the number of ATXs in cities, towns and settlements amounted to 792 with total installed capacity of 3963,73 thousand numbers.*

*For 2004 the gain of basic phone sets amounted to 215390. With the commissioning of new ATXs the number of city's phone sets having the feature of automatic access to DLD phone network increased by 214,76 thousand lines and amounted to 3604,22 thousand lines.*

*The number of basic phone sets per 100 residents amounted to 26,8 and in the oblast's centers it made out 29,0.*

*In 2004 rural phone network was further developed. During the year 163 ATXs of total capacity of 64858 numbers were commissioned, at the same time 27856 numbers of outdated equipment of crossbar and quasi-electronic exchanges were dismantled. The gain of installed capacity of rural phone network amounted to 24 684 numbers.*

*Using dismantled equipment of crossbar ATXs the Company established and expanded the existing exchanges with total capacity of 1770 numbers in the Company's branches.*

*As of 01.01.2005 5002 phone exchanges of total installed capacity of 746957 numbers are in operation in rural settlements. After fulfillment of development plan the occupation efficiency of installed capacity increased from 87,6 % to 89,3%.*

*The installed capacity of digital ATXs at rural communication network increased by 43753 numbers and by the end of 2004 it made out 148981 numbers or 19,99 % of total installed capacity of the switching equipment. The growth per the year was 5,74 %.*

*As of 01.01.05 the total extension of DLD phone channels 19988,2 thousand channel-km, including of digital network - 18228,2 thousand channel-km (91,2 %). The gain of the channels extension made out 4751,4 thousand channel-km, including the gain of digital network - 5244,8 thousand channel-km.*

*The extension of digital network channels is formed by the digital systems of transmission of synchronous (16878,4 thousand channel-km - 92,6%) and plesiochronous (1349,8 thousand channel-km - 7,4 %) digital hierarchy.*

*Out of the total channels length the extension over cable transmit lines made out 94,4 % (18871,4 thousand channel-km), out of these 89,9 % (16957,8 thousand channel-km) fall on fiber-optic cables.*

*In 2004 OJSC "VolgaTelecom" branches carried out the following arrangements to modernize recording communication network.*

*Phone-telegraph systems were dissolved at trunk line and intra-zonal directions (Samara – Novosibirsk, Kirov – SUS 06001, Kirov – Nolinsk, Izhevsk – Mozhga, Izhevsk – Glazov, and Cheboksary – Novocheboksarsk).*

*100 baud channels are organized at hops Nizhny Novgorod – Samara, Samara – Novosibirsk, Samara – Nizhny Novgorod and at some intra-zonal hops of the branches.*

*In Samara branch of OJSC "VolgaTelecom" "ATOL" circuit switch was replaced with "ПЦК-64" mini-switch and links KC-KK were organized in Nizhny Novgorod city.*

*In Yoshkar-Ola town integrated exchange with 300 connection points was put into operation. In OJSC "VolgaTelecom" branch in Chuvashiya Republic telegraph switching server "Vector-2000" was installed, it includes switching, channeling equipment and the software designed for organizing the process of transmit, collection, processing and storing of incoming and outgoing recording (telegraph) correspondence. The equipment operates on the existing communication network and allows for using the advantages of modern digital communication networks in telegraphy.*

*In 2004 OJSC "VolgaTelecom" branches continued the activities of change over from unprofitable rural wire broadcasting to on-air broadcasting.*

*During the last year 427 radio centers were closed, 1410 settlements were disconnected from wire broadcasting network. Total reduction made out 538974 public loudspeakers, 515 000 public loudspeakers were switched over to on-air broadcasting. As of 01.01.05 the number of public loudspeakers switched over to VHF-FM broadcasting made out 1650 000 units.*

*In large cities, towns and in district centers semi-conductor equipment was installed (amplifiers "Enisey", "Luch" and the transmitters "MIB", "VIITB-2x30", "VIITB-2x120") – 42 radio centers were renovated in the following branches: Samara, Ulyanovsk, Orenburg, Saratov, Nizhny Novgorod, the Republic of Udmurtiya and the Republic of Mordoviya.*

*In order to improve the reliability and quality of operation of TV broadcasting facilities in Orenburg Radio Tx Rx Center the following was done:*

*100 W TV transmitters "ПИТДА" located in settlements Bogorodskoe, Burtinskiy, Marxsovskiy, Nokolskoe, Revolutsionnyi, Sofievka, Yangarskiy, Grachevka, Nizhntpavlushkino, Pervomaiskiy were replaced with transmitters "TCA-100Д", "TCA-100М" and "АВТ" correspondingly; "ДМТ-1000" digital receive satellite system was installed in village Mezhdurechie of Belyaevsk district instead of on-air receive of Orbit-4 program.*

*Cable TV network was commissioned in 6 areas: in Kirov oblast (Kirov city), in Orenburg oblast (Orenburg city), in Samara branch (Samara city, Neftegorsk town), in the Republic of Mariy El (Kozmodemyansk town), and in the Republic of Mordoviya (Ruzaevka town). The expansion of cable TV network is continued in Nizhny Novgorod city, in the Republic of Mariy El and in Chuvashiya Republic. In Samara branch MMDS network was expanded and now it also covers the area of Otradnoe village. The number of TV broadcasting channels was increased: in Syzran town to 23 channels and in Toliyatti town – to 12 channels.*

*The installed capacity of cable TV network was expanded by 53 000 of potential subscribers (or by 32%) and by the end of 2004 it made out 224 000 of potential subscribers. The gain of cable TV subscribers for the year made out 18104 subscribers. And as of 01.01.05 the number of cable TV subscribers amounted to 126124 users.*

#### *New services*

*In 2004 the number of active Internet dial-up access users was 341 000. Over 8 200 ports were equipped to organize leased line access.*

*Annually the number of Internet users is growing by 1,7 – 2 times.*

*The gain of equipped ports for providing leased line access made out about 5 000, the growth rate is 250%.*

*The growth of leased line access users is achieved due to active implementation of xDSL wideband digital access service. By the results of 2004 in Inter-Regional Company the number of connection points by xDSL technology exceeded 4,6 thousand, the largest number of xDSL ports (2,5 thousand or 54%) are equipped in Nizhny Novgorod branch.*

*"Internet-density" characterizing the percentage of OJSC "VolgaTelecom" phone communication subscribers who are using the Company's services of provision of dial-up access to Internet increased to 7,8 %. This growth was facilitated by the development of "Internet for all" service which is very popular with general public.*

*One of the largest projects is the construction of OJSC "VolgaTelecom" Intelligent network*

*on the basis of uniform platform. At present the first phase is completed – the construction of Intelligent network in Nizhny Novgorod branch of OJSC “VolgaTelecom”.*

*The purpose of the project is to provide the services of Intelligent network on the territory of the Volga region. The following services were selected for realization: free phone, voting over telephone, universal access number, uniform service card and call with additional payment.*

*FPH, VOT, UAN and PRM services are realized in OJSC «VolgaTelecom» Nizhny Novgorod branch on the basis of Tellin® Intelligent platform (Huawei Technologies). At present in the branch of the Republic of Udmurtiya VOT and USC services are realized on the basis of Ericsson AXE-10 switch.*

#### *Call Service Centers development*

*Firmware of CSC is installed in 3 branches of the Company:*

*- In the Republic of Maryi El (on the basis of Definity equipment, the number of automated work stations - 50),*

*- In Nizhny Novgorod branch (on the basis of Definity equipment, the number of automated work stations – 65);*

*- In the Republic of Udmurtiya (on the basis of “Protey” platform, the number of automated work stations - 52).*

*In other 8 branches the lines of ATX series selection, stages of calls distribution or computer telephony systems are used to render inquiry-information services. As of year 2005 beginning the total number of automated work stations at CSC is 585.*

*During 2004 the Company spent 6964,5 million rubles of capital investments, which is by 2 450,5 million rubles more vs. 2003.*

*539 618 numbers of local phone communication were commissioned during 12 months of year 2004. As compared with 2003 the commissioning of capacities in 2004 grew by 24,5 %.*

*GSM cellular communication network was expanded in the branch in the Republic of Maryi El by 51 000 numbers, and in Samara branch by 6,6 thousand numbers on the basis of BS NMT-450 equipment.*

*2652 km of intrazonal transmit lines were constructed.*

*22 170 DLD channels at automated trunk line exchanges were commissioned.*

*13 666 m3 of commercial objects were constructed:*

*In Nizhny Novgorod branch communication center buildings were constructed in village Sechenovo and Parizhskoi communy settlement;*

*In Orenburg branch additional building to communication center structure and to garage was constructed in Sorochinsk town;*

*In Saratov branch additional building to communication center structure in Krasnyi Kut and central transmit point building in Engels town were constructed.*

*During 2004 the expenses for the development of local telephone communication amounted to 4 434,9 million rubles or 63,7 % of the total volume of investments. The investments to DLD telephone communication amounted to 754,2 million rubles or 10,8 % of the total volume of investments. Investments to mobile communication development amounted to 191,6 million rubles (2,8% of the total volume of investments). 500,6 million rubles or 7,2 % were spent for the development of new services and technologies, which is by 84 million rubles more than in 2003.*

*In 2004 the 1-st phase of “Inter-regional multi-service corporate data transfer network of OJSC “VolgaTelecom” project was realized.*

*The object of investment is the construction of corporate data transfer network (inter-regional multi-service network) of OJSC “VolgaTelecom” of the total estimated cost of 261,5 million rubles.*

Assessment of the issuer’s activity results matching to the industry’s development tendencies:

*Upon the whole the Company’s results match telecom industry growth.*

Forecast as regards the industry’s future development:

*It is expected that the share of income at the markets of local and long-distance*



*communication will continue to reduce and the share of income at the market of mobile communication and Internet will grow. The tendencies of DLD & ILD development are connected with the development of alternative communication services such as IP-telephony, Internet, etc. which results in the reduction of the share of income from DLD & ILD services in the total share of proceeds.*

Basic factor and conditions affecting the issuer's activity and the results of such activity:

*In 2004 in Russian Federation a long period of telecom market development on the basis of monoservice of voice communication provision was actually completed, this monoservice being completely ensured within communication operator. This happened both due to the development of convergent IP-technology (voice + data transfer) and due to the awareness of the fact that the content of modern communication networks is in the first place the information of various nature (from serious, business and to entertainment and game).*

*Liberalization of Russian telecom services market in the first turn will affect the market of long-distance communication. Since 01.07.05 after transition to a new pattern of mutual settlements with OJSC "Rostelecom" the most likely scenario will be the reduction of the Company's income from long-distance communication due to the loss of price formation control.*

*The perspectives of keeping the mechanisms of local communication services cross-subsidy are also unclear.*

*Implementation of tariff plans in time-based billing system should positively affect the Company's development and the obtaining of additional income. Despite the fact that after the introduction of time-based billing system the total amount of the Company's income should not change.*

*The development of federal operators (both mobile and long-distance, IP-telephony, telematics) during 2004-2005 is firmly shifting to regional markets. As these operators (excluding the mobile ones) as a rule do not have their own "last mile" in the regions, their "competition" with OJSC "VolgaTelecom" comes to constant attempts of free of charge access to the Company's communication networks.*

*In spite of adopted statutory regulations the situation is unlikely to improve in the nearest future.*

*Accordingly, OJSC "VolgaTelecom" key competitive objective is to organize strategic protection of its networks both from unauthorized call completion and from unauthorized call initiation.*

*In quarter 1 of 2005 the Ministry of communication started to license mobile virtual operator (MVNO), using mobile communication operators networks as the backbone network. Herewith MVNOs, according to the license, create their own subscribers' base and also make settlements with a subscriber in their own name. Similar in their substance "virtual operators" are already operating under the cover of license for telematics and local communication at the market of wire-line telephony (various kinds of prepaid cards for Internet or DLD access).*

*In the long run "virtual operators" exist only due to the fact that communication operator because of its non-market background, scope of business, or regulated price formation is not able to meet the customer requirements in full (both by service and by price).*

*Major generators of MVNOs development are unevenness of telecommunications development in the regions, spread in tariffs for "non-regulated" services in the regions, non-market of tariffs for basic services, and noncompetitiveness of the operators' marketing budgets.*

*One more tendency of Russian Federation telecommunications market is the construction by the operators of high capacity communication networks in their licensed zone, these networks being capable to transmit any types of traffic. For the purposes of loading the networks the operators apply different methods to stimulate the customers' traffic and the basic one is the ultimate price. Actually in any network traffic transfer price depends on the distance and also on availability of operators-middlemen at the route.*

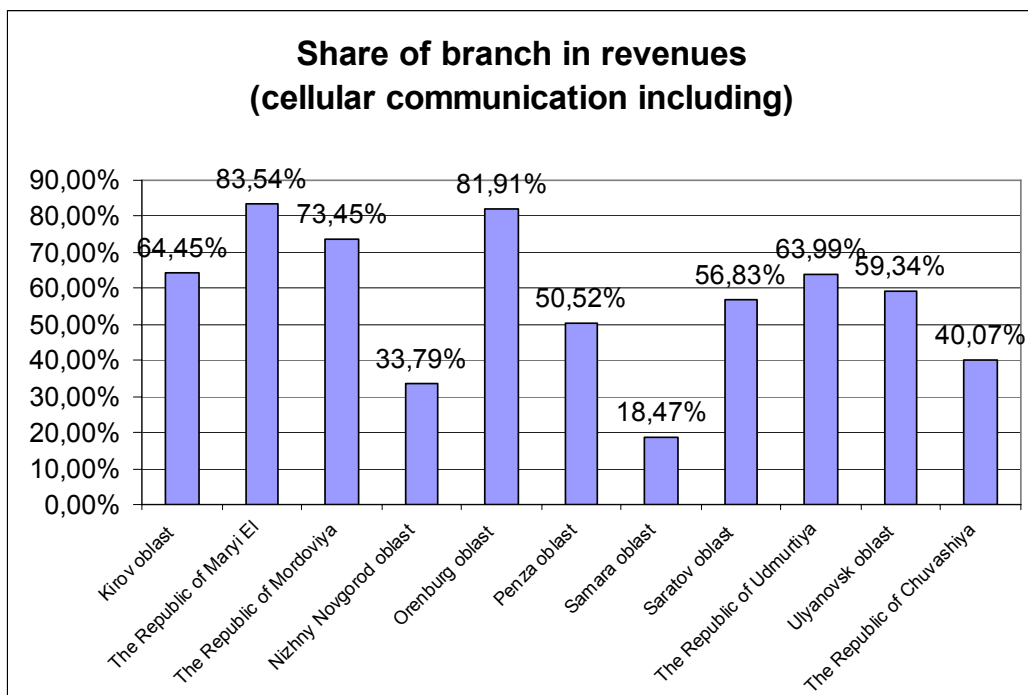
Basic competitors of the issuer in major trends of activity and the factors of the issuer's competitive ability:

*In spite of high level of competition OJSC "VolgaTelecom" maintains high portion of*

market of traditional communication services – local, DLD & ILD telephone communication.

OJSC “VolgaTelecom” portion with due account for cellular communication is 39,5% of all revenues of telecom sector.

The shares of the Company’s branches at the market of telecom services of the regions are provided below.



The objective set for the Company in the beginning of 2004 – to maintain the share in telecom market revenues at the level of at least 70% is achieved. The Company’s share in revenues is 83,7%. Moreover, in revenues from local telephone communication services and DLD it is 86,6% and 94, 7% (it was supposed to maintain it at the level of at least 75%).

OJSC “VolgaTelecom” share in revenues from providing the services of access to information resources, cellular communication, IP-telephony, multi-service networks services, etc. still remains low – about 67,56% in revenues from recording communication, 0,91% - from mobile communication services, and 13,48% - from radio broadcasting and cable TV services of the entire region.

Considerable backlog demand for new services: VPN, ISDN, leased lines, wideband access, IP-telephony, and Internet access is observed at telecom markets of the regions where the Company is operating. In the years to come it is expected that the volume of new services market will grow and in this connection OJSC “VolgaTelecom” sets the following priorities of its activity in this segment of the market:

- Further implementation of new technologies and services corresponding to the tendencies of market development and also to practical requirements of the users;
- Competitive recovery of new services, including in the area of servicing, quality and tariff policy;
- Further development of unified data transfer networks (multi-service networks) within the Volga Federal district;
- Introduction of universal cards for settlements for communication services in all the regions where the Company is operating;
- Development of special tariffs and provision of services in a “package”, traditional communication services being included.

*One of the priorities in the area of services is further development of the system of pre-paid cards for communication services: Internet-card, service telephone cards, IP-telephony cards and payphone cards.*

*The values of the issuer's shares and its competitors for the last five accomplished fiscal years:*

Name	Country of incorporation	Share at the market, %				
		2000	2001	2002	2003	2004
Company-issuer	Russia	60,2 %	57,70%	54,50%	45,60%	42%
Cellular communication operators	Russia	16,8 %	25,00%	30,40%	41,00%	46,09%
Other operators	Russia	23,0 %	17,3 %	15,1 %	13,4 %	11,91 %

*Basic competitive advantages of alternative operators.*

**In local communication segment:**

*The lack of social obligations;*

*Construction of its network on the basis of digital switches;*

*Individual approach to every customer;*

*Higher quality of customer service.*

**In DLD & ILD communication segment:**

*Prompt reaction to market situation change;*

*Flexibility in relations with customers.*

**In Internet services segment:**

*Higher quality of servicing;*

*Individual tariffs for every subscriber;*

*Individual approach to every subscriber;*

*Prompt reaction to market situation change;*

*The lack of social obligations.*

The list of factors of the issuer's competitive ability:

***OJSC "VolgaTelecom" competitive advantages:***

*Availability of well-developed infrastructure;*

*Financial security allowing for investing into most profitable market segments and most promising business trends;*

*Quality of provided services;*

*Application properties of services;*

*Capability to form integrated services packages.*

Essential factors that may improve the issuer's activity results:

***Basic trends of the Company's activity for the development of competitive advantages are:***

*- Organization of strategic protection of its networks both from unauthorized call completion and from unauthorized call initiation;*

*- Efficient utilization and development of network and infrastructure resources;*

*- Improvement of organizational effectiveness;*

*- Drastic enhancement of the role of marketing and sales in decision making;*

*- Formation and provision of integrated services packages to cut customers' costs;*

*- Radical change of operation in business sector segment on the basis of long-term partnership relations and organization of active model of direct sales as one of the most important instruments in competitive struggle.*

*Inter-regional multi-service data transfer network should become the Company's genuine competitive advantage (the first phase of its construction in Nizhny Novgorod oblast is already completed). The construction of this network will allow for creating virtual networks of large*

*corporate customers in the Volga Federal district, and also for solving corporate tasks of information exchange between OJSC “VolgaTelecom” branches.*

*The probability of occurrence of positive factors is evaluated by the Issuer as high, and the duration of their effect depends upon general economic development of Russian Federation and telecommunications industry.*

**V. Detailed data on persons making up the structure of the issuer's management bodies, the issuer's bodies controlling its financial-economic activity, and brief data on the issuer's employees (workers)**

**5.1. Data on the structure and scope of competence of the issuer's management bodies**

Full description of the issuer's management bodies and their competence in accordance with the issuer's charter (constitutive documents):

*In accordance with articles 12, 13, 14, 15 of the issuer's Charter the Issuer's management bodies are:*

- General meeting of shareholders;*
- The Board of directors;*
- Management board;*
- General Director.*

The issuer's shareholders (participants) general meeting competence as per its Charter (constitutive documents):

General meeting of shareholders is the Company's supreme management body.

*In accordance with article 12.2 of the Issuer's Charter the competence of General meeting of shareholders covers the following issues that may not be transferred for solution to the Board of directors, the General Director or to the Management board of the Issuer:*

*"1) introduction of modifications and amendments to the Charter or approval of the Company's Charter in a new wording (except for the cases, stipulated by Federal law "On joint stock companies"), the resolutions on which are adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*2) the Company's reorganization, the resolution on which is adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*3) the Company's liquidation, appointment of liquidation committee and approval of intermediate and final liquidation balance sheets, the resolutions on which are adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*4) election of the members of the Board of directors, carried out by cumulative voting;*

*5) early termination of office of the members of the Board of directors, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*6) determination of the quantity, face value, category (type) of the Company's declared shares and the rights granted by these shares, the resolutions on which are adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*7) increase in the Company's charter capital by the increase in the shares face value, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*8) increase in the Company's charter capital by placement of additional shares by public subscription in case, if the quantity of additionally placed shares makes up more than 25% of ordinary shares placed earlier by the Company, the resolution on which is adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*9) increase in the Company's charter capital by placement of additional shares by private offering, the resolution on which is adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*10) decrease in the Company's charter capital by the decrease in the shares face value, by the Company's acquisition of a part of shares in order to reduce their total number, and also*

*by the retirement of shares acquired or redeemed by the Company, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*11) election of the Company's Auditing committee members and early termination of their office, the resolutions on which are adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*12) approval of the Company's auditor, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*13) approval of annual reports, the Company's annual accounting statement, including the Company's reports on profits and losses (profits and losses accounts), and also distribution of profit, including payment (declaration) of dividends and losses of the Company by the results of the fiscal year; the resolutions on which are adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*14) definition of the procedure of conducting the Company's shareholders General meeting, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*15) splitting and consolidation of shares, the resolutions on which are adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*16) passing resolution on approval of related party transactions, the resolution on which is adopted in cases and as per the procedure stipulated by chapter XI of Federal law "On joint stock companies";*

*17) adoption of resolution on approval of large transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of property the cost of which is over 50% of the Company's balance sheet assets defined by the data of its accounting statement as of the last report date, except for the transactions made in the course of routine economic activity of the Company, the transactions related to the placement of the Company's ordinary shares by subscription (realization), and also transactions related to the placement of issuing securities converted into the Company's ordinary shares, the resolution on which is adopted by the majority of three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*18) passing resolution on participating in holding companies, financial-industrial groups, associations and other unions of commercial organizations, the resolution is approved by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*19) approval of internal documents regulating the Company's bodies activity, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*20) the Company's placement of bonds converted into shares and of other issuing securities converted into shares, if the specified bonds (other issuing securities) are placed by private offering or by public subscription, when with public subscription converted bonds (other issuing securities) may be converted into the Company's ordinary shares making up over 25% of earlier placed shares, the resolution on which is adopted by at least three quarters of votes of shareholders owning the Company's voting shares participating in the meeting;*

*21) passing resolution on reimbursement for the Company's account of the expenses for preparation and conducting of extraordinary general meeting of the Company's shareholders in case, when contrary to the requirements of current legislation of Russian Federation the Board of directors has not passed the resolution on convocation of an extraordinary meeting and this meeting has been convened by other persons. The resolution is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

*22) release of a person, who independently or jointly with his affiliated persons acquired 30 and more percent of placed ordinary shares of the Company, from responsibility to acquire shares from other shareholders of the Company, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting, excluding the votes by shares belonging to the specified person and his affiliated*

persons;

23) *passing resolution on transfer of authorities of single executive body of the Company to managing organization or to a manager, the resolution on which is adopted by the majority of votes of shareholders owning the Company's voting shares participating in the meeting;*

24) *the solution of other issues stipulated by Federal law "On joint stock companies" and by the Charter."*

Competence of the Board of directors (supervisory council) of the issuer in accordance with its charter (constitutive documents):

*In accordance with article 13 of the Issuer's Charter the following issues are related to the competence of the Board of directors:*

*"13.4. The following issues are related to the competence of the Company's Board of directors:*

*1) definition of priority trends of the Company's activity, including the approval of annual budget, the budgets for medium-term and long-term perspective, strategies and programs of the Company's development, introduction of modifications into the specified documents, consideration of the results of their fulfillment;*

*2) preliminary approval of operations passing the limits established by the Company's annual budget;*

*3) convocation of annual and extraordinary general meetings of shareholders, excluding the cases stipulated by item 8 of clause 55 of Federal law "On joint stock companies";*

*4) approval of the agenda of the general meeting of shareholders;*

*5) determination of the date of making up the list of persons having the right to participate in general meeting of shareholders, and other issues within the competence of the Company's Board of directors in accordance with the provisions of chapter VII of Federal law "On joint stock companies" and related to the preparation and holding of general meeting of shareholders;*

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

*7) increase of the Company's charter capital by the Company's placement of additional shares within the limits of declared shares amount, defined by the Charter, excluding the cases stipulated by sub-items 8,9 of item 12.2 of the Charter;*

*8) the Company's placement of bonds and other issuing securities in case, when under the conditions of placement of the specified bonds and other issuing securities they are not convertible into the Company's shares;*

*9) the Company's placement of bonds, convertible into shares, and of other issuing securities, convertible into shares, if the specified bonds (other issuing securities) are placed by public subscription and the convertible bonds (other issuing securities) may be converted into the Company's ordinary shares, making up 25 and less percent of earlier placed ordinary shares;*

*10) determination of price (pecuniary valuation) of property, the price of placement and redemption of issuing securities in cases stipulated by Federal law "On joint stock companies";*

*11) approval of resolutions on issue of securities, prospects of securities issuing, reports on the results of the Company's securities issuing, reports on the results of the Company's shares acquisition in order to cancel them;*

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

*13) approval of the Company's registrar and the terms and conditions of the contract with it, and also taking the decision on cancellation of the contract with it;*

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

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

*16) approval of an internal document defining the procedures of internal control over financial and economic activity of the Company;*

*17) recommendations on the size of remunerations and compensations paid to the members of the Company's Auditing committee, approval of terms and conditions of contract concluded with the auditor, including definition of the amount of payment for its services;*

18) approval of Provision on the Company's structural subdivision, carrying out the functions of internal control, coordination of candidates for the position of its head, and also consideration of other issues the resolutions on which should be adopted by the Board of directors in accordance with the Provision on the specified subdivision;

19) approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of the property the cost of which is from 0, 5 to 25% of the Company's assets book cost defined by the data of its accounting statement as of the last report date;

20) approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of the property the cost of which is from 25 to 50% of the Company's balance-sheet assets cost defined by the data of its accounting statement as of the last report date, excluding the transactions made in the course of routine economic activity of the Company, the transactions related to the placement by subscription (realization) of the Company's ordinary shares and transactions related to the placement of issuing securities convertible into the Company's ordinary shares;

21) approval of related party transactions in cases stipulated by chapter XI of Federal law "On joint stock companies";

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

23) establishment of branches, opening of representation offices, their liquidation, approval of Provisions on them;

24) preliminary coordination of candidates for the position of heads of branches and representation offices, and dismissal of the heads of the specified structural subdivisions from their posts;

25) approval of annual budgets, strategies and programs of branches development, introduction of modifications into the specified documents, consideration of the results of their fulfillment;

26) appointment of single executive body (General Director), defining the term of his/her authority, and also early termination of his/her office;

27) election (re-election) of the Chairman of the Board of directors of the Company, his/her deputy;

28) formation of collegial executive body (Management board), defining the term of its authority, and also early termination of the authority of the Management board members;

29) coordination of occupation by the person, carrying out the functions of single executive body of the Company, by members of the Company's Management board, of the posts in management bodies of other organizations;

30) permission to the person, carrying out the functions of single executive body, to combine these functions with work in paid jobs in other organizations;

31) establishment of permanent or provisional (for the solution of particular issues) committees of the Board of directors, approval the Provisions on them;

32) appointment and dismissal of Corporate secretary of the Company, approval of the Provision on the Corporate secretary and on the back office of the Company's Corporate secretary;

33) approval of terms and conditions of contracts (additional agreements), concluded with the General Director, members of the Management board, the heads of branches and representation offices, the head of the Company's structural subdivision carrying out the functions of internal control, with the Company's Corporate secretary, and also consideration of issues the decisions on which should be adopted by the Board of directors in accordance with the specified contracts;

34) taking the decisions on participation (joining as a participant, termination of participation, change of participation share) of the Company in other organizations by way of purchase, sales of shares, equity stake of other organizations, and also by way of making additional contributions into charter capitals of these organizations;

35) taking the decisions on the Company's participation in non-commercial organizations, excluding the cases stipulated by sub-item 18 of item 12.2 of the Charter, by way of joining as a participant, termination of participation, making additional contributions related to the



*Company's participation in non-commercial organizations;*

*36) taking the decisions on the issues of the agenda of general meetings of affiliated companies (supreme management bodies of other organizations), in which the Company is a sole participant;*

*37) defining the procedure of interaction of the Company with organizations in which the Company participates;*

*38) approval of the Company's Corporate governance code, introduction of modifications and amendments into it;*

*39) approval of internal documents (document) defining the rules and approaches to disclosing the information about the Company, the procedure of using the information about the Company's activity, about the Company's securities and transactions with them, the information not being publicly accessible;*

*40) approval of the procedure of risks management in the Company;*

*41) approval of other, in addition to those stipulated by item 13.4 of the Charter, internal documents of the Company, regulating the issues within the competence of the Company's Board of directors, excluding internal documents the approval of which as per the Company's Charter is within the competence of the shareholders general meeting and the Company's executive bodies;*

*42) other issues stipulated by Federal law "On joint stock companies" and the Charter."*

*The issues referred to the competence of the Company's Board of directors may not be transferred for the solution to collegial or single executive body of the Company.*

Competence of single and collegial executive bodies of the issuer in accordance with its charter (constitutive documents):

*In accordance with article 14 of the Issuer's Charter the following issues of the issuer's current activity management are related to the competence of the Management board:*

*"14.1. Management board is a collegial executive body organizing the execution of resolutions of shareholders general meeting and the decisions of the Company's Board of directors.*

*14.4. The following issues of the management of the Company's current activity are referred to the competence of the Company's Management board:*

*1) elaboration of motions on basic trends of the Company's activity, including the drafts of annual budget, budgets for medium-term and long-term perspective, strategies and programs of the Company's development, motions on introducing modifications to the specified documents;*

*2) approval of internal control procedures;*

*3) defining staff and social policy of the Company;*

*4) approval of the internal document regulating general provisions of labor motivation, and also consideration and taking the decisions on concluding collective contracts and agreements;*

*5) preparation of materials and drafts of resolutions on the issues subject to consideration at the shareholders general meeting, Board of directors and presentation of the materials to the committees of the Board of directors;*

*6) organizational-technical provision of the Company's bodies activity;*

*7) defining technical, finance-economic and tariff policy of the Company and the branches;*

*8) defining accounting policy, control over perfection of the methods of book keeping and management accounting, and also over the introduction of accounting as per international accounting standards of the Company and the branches;*

*9) defining the methods of planning, budgeting and controlling of the Company and the branches;*

*10) defining the policy of ensuring the security of the Company and the branches;*

*11) defining the procedure of vesting the property to the branches and taking of property*

*settled on the branches;*

*12) defining quantitative structure and appointment of members of collegial executive bodies of the branches, and also early termination of their authority, approval of Provision on a collegial executive body of a branch;*

*13) preliminary coordination of candidates for the posts of deputy heads, chief accountants of the branches and representation offices and dismissal of the specified persons from their posts;*

*14) approval of terms and conditions of contracts (additional agreements) concluded with the members of collegial executive bodies of the branches, with the deputy heads, chief accountants of the branches and representation offices, and also consideration of issues the decisions on which should be adopted by the Management board in accordance with the specified contracts;*

*15) approval of quarterly budgets of the branches, introduction of modifications into the specified documents;*

*16) analysis of the results of the work of the Company's structural subdivisions, including the separate ones, and the development of instructions, obligatory for execution, on their work perfection;*

*17) approval of internal documents regulating the issues within the competence of the Company's Management board, excluding the documents approved by shareholders general meeting and the Company's Board of directors;*

*18) approval of the Company's organizational structure, including basic functions.*

*14.5. The Company's Management board also has the right to take decisions on the management of the Company's current activity on the instructions of the Company's Board of directors or at the suggestion of the Company's General Director."*

*In accordance with items 15.1, 15.2, 15.3, 15.4 of the Issuer's Charter the competence of the General Director covers the issues of management of the Issuer's current activity, excluding the issues related to the competence of the Issuer's General meeting of shareholders, the Board of directors and the Management board:*

*"15.1. General Director – single executive body carrying out the management of the Company's current activity. General Director is appointed by the Company's Board of directors.*

*15.2. General Director takes decisions on the issues not referred by the Charter to the competence of the shareholders general meeting, of the Board of directors and the Company's Management board.*

*15.3. General Director carries out the functions of the Chairman of the Company's Management board.*

*15.4. General Director acts on behalf of the Company without the power of attorney, he/she represents the Company's interests, makes transactions on behalf of the Company, approves the staff, issues orders, directions and gives instructions obligatory for execution by all employees of the Company.*

*The rights, duties, the size of labor remuneration and the responsibility of General Director are defined by the contract concluded by him/her with the Company. The contract on behalf of the Company is signed by the Chairman of the Company's Board of directors.*

*15.5. The Company's Board of directors has the right at any time to take the decision on early termination of authority of the Company's General Director and cancellation of the contract with him/her."*

Data on availability of the issuer's internal document establishing the rules of the issuer's corporate governance:

*On March 11, 2004 (minutes № 30) the issuer's Board of directors approved "The Code of corporate governance of OJSC "VolgaTelecom"- internal document establishing the rules of the issuer's corporate governance and regulating the Company's relations with shareholders and investors (Supplement № 1).*

The definitive text of the issuer's Code is available in the Internet at:

<http://www.vt.ru/?id=3547>

Data on the changes introduced into the issuer's charter during the reporting period:

***During the reporting period the changes into the charter were not introduced.***

Data on availability of internal documents regulating the issuer's bodies activity.

***The issuer's internal documents regulating the activity of its bodies:***

***Provision on the procedure of holding general meeting of shareholders of OJSC "VolgaTelecom" approved by annual general meeting of shareholders of OJSC "VolgaTelecom" on June 27, 2003 (Minutes №3).***

***Provision on the Board of directors of OJSC "VolgaTelecom" approved by joint (extraordinary) general meeting of shareholders of OJSC "VolgaTelecom" on March 26, 2003 (Minutes №2 of March 27, 2003) with changes and addenda to the provision on the Board of directors approved by annual general meeting of shareholders of OJSC "VolgaTelecom" on June 22, 2004 (Minutes №4) and on June 28, 2005 (Minutes №5);***

***Provision on the Management board of OJSC "VolgaTelecom" approved by joint (extraordinary) general meeting of shareholders of OJSC "VolgaTelecom" on March 26, 2003 (Minutes №2 of March 27, 2003) with changes approved by annual general meeting of shareholders of OJSC "VolgaTelecom" on 22.06.2004 (Minutes №4);***

***Provision on auditing committee of OJSC "VolgaTelecom" approved by joint (extraordinary) general meeting of shareholders of OJSC "VolgaTelecom" on March 26, 2003 (Minutes №2 of March 27, 2003) with changes to the Provision on auditing committee approved by annual general meeting of shareholders of OJSC "VolgaTelecom" on 22.06.2004 (Minutes №4).***

Data on the changes introduced during the reporting period into internal documents regulating the activity of the issuer's bodies:

***During the reporting period the changes into internal documents regulating the activity of the issuer's bodies were not introduced.***

***Definitive text of the Issuer's current Charter and internal documents of OJSC "VolgaTelecom" regulating the activity of the Issuer's bodies, and also approved changes and addenda to them are posted in Internet at the Company's site at:***

<http://www.vt.ru/?id=261>

<http://www.vt.ru/?id=308>

<http://www.vt.ru/?id=3547>

## **5.2. Information about the persons making up the structure of the issuer's management bodies**

Personal structure of every management body of the issuer specified in item 5.1 of quarterly report (excluding general meeting of shareholders).

***The structure of the Board of directors of the Issuer OJSC "VolgaTelecom" elected by annual general meeting of shareholders on June 28, 2005:***

**Members of the Board of directors of the issuer:**

The Chairman of the Board of directors:

***Belyaev Konstantin Vladimirovich***

Year of birth: **1968**

Education: ***higher education***

Posts held during the last 5 years:

Period: **2000 - 2001**

Organization: **OJSC "Artelecom"**

Post: **chief accountant**

Period: **2001 – 2005**

Organization: **OJSC "Svyazinvest"**

Post: **chief accountant**

Period: **2002 - 2002**

Organization: **OJSC "Yartelecom"**

Post: **member of the Board of directors**

Period: **2002 - 2002**

Organization: **OJSC "Artelecom"**

Post: **member of the Board of directors**

Period: **2003 – 2003**

Organization: **OJSC Joint Stock Commercial Bank "Svyaz-Bank"**

Post: **member of the Board of directors**

Period: **2002 - 2005**

Organization: **OJSC "CenterTelecom"**

Post: **member of the Auditing committee**

Period: **2005 – present time**

Organization: **OJSC "CenterTelecom"**

Post: **chairman of the Auditing committee**

Period: **2002 - 2005**

Organization: **OJSC "North West Telecom"**

Post: **the member of the Auditing committee**

Period: **2002 - 2005**

Organization: **OJSC "Rostelecom"**

Post: **member of the Auditing committee**

Period: **2005 – present time**

Organization: **OJSC "Rostelecom"**

Post: **member of the Management board**

Period: **2002 – present time**

Organization: **OJSC "MGTS"**

Post: **member of the Auditing committee**

Period: **2003 - 2005**

Organization: **OJSC "VolgaTelecom"**

Post: **chairman of the Auditing committee**

Period: **2003 - 2005**

Organization: **OJSC "Dalsvyaz"**

Post: **chairman of the Auditing committee**

Period: *2005 – present time*  
Organization: *OJSC “Sibirtelecom”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Svyazinvest”*  
Post: *deputy to the General Director*

Period: *2005 – present time*  
Organization: *OJSC “Svyazinvest”*  
Post: *member of the Management Board*

Period: *2005 – present time*  
Organization: *OJSC “North West Telecom”*  
Post: *member of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Southern Telecommunication Company”*  
Post: *member of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC JSCB “Svyaz - Bank”*  
Post: *chairman of the Board of directors*

Period: *2005 –present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *chairman of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

Members of the Board of directors:

*Andreev Vladimir Alexandrovich*

Year of birth: *1951*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - present time*

Organization: *State educational institution of Higher Professional education - the Volga State Academy of Telecommunications and informatics*

Post: *head of a chair*

Period: *2000 –present time*

Organization: *State educational institution of Higher Professional education - the Volga State Academy of Telecommunications and informatics*

Post: *rector*

Period: *2002 – present time*

Organization: *Regional public association “Academy of telecommunications and informatics”*

Post: *president (without pay)*

Period: *2002 – present time*

Organization: *the Volga association of engineers “TELEINFO”*

Post: *Vice-president (without pay)*

Period: *2004 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

***Belyaev Konstantin Vladimirovich***

Year of birth: *1968*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2001*

Organization: *OJSC “Artelecom”*

Post: *chief accountant*

Period: *2001 – 2005*

Organization: *OJSC “Svyazinvest”*

Post: *chief accountant*

Period: *2002 - 2002*

Organization: *OJSC “Yartelecom”*

Post: *member of the Board of directors*

Period: *2002 - 2002*

Organization: *OJSC “Artelecom”*

Post: *member of the Board of directors*

Period: *2003 – 2003*

Organization: *OJSC Joint Stock Commercial Bank “Svyaz-Bank”*

Post: *member of the Board of directors*

Period: *2002 - 2005*

Organization: *OJSC “CenterTelecom”*

Post: *member of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *chairman of the Auditing committee*

Period: *2002 - 2005*

Organization: *OJSC “North West Telecom”*

Post: *the member of the Auditing committee*

Period: *2002 - 2005*

Organization: *OJSC “Rostelecom”*

Post: *member of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “Rostelecom”*

Post: *member of the Management board*

Period: *2002 – present time*

Organization: *OJSC “MGTS”*

Post: *member of the Auditing committee*

Period: *2003 - 2005*

Organization: *OJSC “VolgaTelecom”*

Post: *chairman of the Auditing committee*

Period: *2003 - 2005*

Organization: *OJSC “Dalsvyaz”*

Post: *chairman of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “Sibirtelecom”*

Post: *chairman of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “Svyazinvest”*

Post: *deputy to the General Director*

Period: *2005 – present time*

Organization: *OJSC “Svyazinvest”*

Post: *member of the Management Board*

Period: *2005 – present time*

Organization: ***OJSC "North West Telecom"***  
Post: ***member of the Board of directors***

Period: ***2005 – present time***  
Organization: ***OJSC "Southern Telecommunication Company"***  
Post: ***member of the Board of directors***

Period: ***2005 – present time***  
Organization: ***OJSC JSCB "Svyaz - Bank"***  
Post: ***chairman of the Board of directors***

Period: ***2005 –present time***  
Organization: ***OJSC "VolgaTelecom"***  
Post: ***chairman of the Board of directors***

Equity stake in the charter capital of the issuer: ***none***  
Stake of the issuer's ordinary shares: ***none***  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***  
Stake in affiliated/dependent companies of the issuer: ***none***  
Stake of ordinary shares in affiliated/dependent companies of the issuer: ***none***  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: ***affiliated/dependent companies did not issue options***  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Bobin Maxim Victorovich***  
Year of birth: ***1975***  
Education: ***higher education***

Posts held during the last 5 years:

Period: ***2000 - 2000***  
Organization: ***Moscow representation office of "NCH Advisors Inc."***  
Post: ***lawyer***

Period: ***2000 – present time***  
Organization: ***Moscow representation office of "NCH Advisors Inc."***  
Post: ***legal department head***

Period: ***2001 - 2002***  
Organization: ***Moscow state institute of international relations (University) of the Ministry of Foreign Affairs of Russian Federation***  
Post: ***teacher at the chair of international law***

Period: ***2001 - 2003***  
Organization: ***OJSC "Science and Production Association "Plastik"***  
Post: ***member of the Board of directors***

Period: ***2001 - 2004***



Organization: *OJSC "Abrasive factory "Ilyich"*

Post: *member of the Board of directors*

Period: *2002 – 2003*

Organization: *Association for the investors rights protection*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "Sibirtelecom"*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC "Management company Kirovenergo"*

Post: *member of the Board of directors*

Period: *2004 - present time*

Organization: *OJSC "Smolenskenergosbyt"*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC "Vladimirskaya electric power company"*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC "Penza electric power management company"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "TGK-6"*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

*Bulancha Sergey Anatolievich*

Year of birth: *1959*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2004*

Organization: *OJSC "Surguttel"*

Post: *General Director*

Period: *2004 – present time*

Organization: *OJSC "Federal agency of telecommunication"*

Post: *chief of communication department*

Period: *2005 – present time*

Organization: *OJSC "Federal communication agency"*

Post: *deputy to the chief*

Period: *2004 – present time*

Organization: *OJSC "Giprosvyaz"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

***Grigorieva Alla Borisovna***

Year of birth: *1967*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Period: *2000 - 2000*

Organization: *OJSC "Ivtelecom"*

Post: *member of the Board of directors*

Period: *2000 - 2002*  
Organization: *OJSC "Sakhalinsvyaz"*  
Post: *member of the Board of directors*

Period: *2000 - 2002*  
Organization: *OJSC "Elektrosvyaz" of Kaluga oblast*  
Post: *Chairman of the Board of directors*

Period: *2000 - 2002*  
Organization: *OJSC "UdmurtTelecom"*  
Post: *Chairman of the Board of directors*

Period: *2000 - present time*  
Organization: *OJSC "Svyazinvest"*  
Post: *deputy to the director – chief of the sector of representatives of Corporate Management Department*

Period: *2000 - 2000*  
Organization: *OJSC "Karachayevo - Cherkesskelektrosvyaz"*  
Post: *member of the Board of directors*

Period: *2000 - present time*  
Organization: *OJSC "Uralsvyazinform"*  
Post: *member of the Board of directors*

Period: *2000 - 2000*  
Organization: *OJSC "Svyazinform" of Penza oblast*  
Post: *member of the Board of directors*

Period: *2000 - 2002*  
Organization: *OJSC "Elektrosvyaz" of Rostov oblast*  
Post: *member of the Board of directors*

Period: *2001 - 2002*  
Organization: *OJSC "Svyazinform" of Penza oblast*  
Post: *member of the Board of directors*

Period: *2001 - 2002*  
Organization: *OJSC "Elektrosvyaz" of the Republic of Adygei*  
Post: *member of the Board of directors*

Period: *2001 - 2002*  
Organization: *OJSC "Elektrosvyaz" of Ulyanovsk oblast*  
Post: *member of the Board of directors*

Equity stake in charter capital of the issuer: *0,00061%*  
Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***

Stake in affiliated/dependent companies of the issuer: ***none***

Stake of ordinary shares in affiliated/dependent companies of the issuer: ***none***

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: ***affiliated/dependent companies did not issue options***

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Degtyarev Valeryi Victorovich***

Year of birth: ***1957***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2000 - 2000***

Organization: ***CJSC "Metrocom"***

Post: ***director of marketing and development department***

Period: ***2000 - 2000***

Organization: ***CJSC "Comcor-TV"***

Post: ***first deputy to the General Director***

Period: ***2000 - 2001***

Organization: ***LLC "DTS"***

Post: ***deputy to the General Director***

Period: ***2001 - 2001***

Organization: ***CJSC "Company TransTeleCom"***

Post: ***advisor to president***

Period: ***2001 – present time***

Organization: ***CJSC "Professional Telecommunications"***

Post: ***General Director***

Period ***2004 – present time***

Organization: ***OJSC "Tetrasvyaz"***

Post: ***General Director***

Period: ***2001 – present time***

Organization: ***CJSC "Professional Telecommunications"***

Post: ***member of the Board of directors***

Period: ***2004 – present time***

Organization: ***CJSC "Radiotel"***

Post: ***member of the Board of directors***

Period: *2004 – present time*  
Organization: *OJSC "Rostelecom"*  
Post: *member of the Board of directors*

Period: *2004 – present time*  
Organization: *OJSC "VolgaTelecom"*  
Post: *member of the Board of directors*

Period: *2004 – present time*  
Organization: *OJSC "Dalsvyaz"*  
Post: *member of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC "CenterTelecom"*  
Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*  
Stake of the issuer's ordinary shares: *none*  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*  
Stake in affiliated/dependent companies of the issuer: *none*  
Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

***Kulikov Denis Victorovich***

Year of birth: *1975*  
Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2000*  
Organization: *SRO "NAUFOR"*  
Post: *expert of department for investors' rights protection*

Period: *2000 - 2002*  
Organization: *CJSC "NAUC «NAUFOR"*  
Post: *expert of consulting center*

Period: *2002 - 2004*  
Organization: *OJSC "Bryanskenergo"*  
Post: *member of the Board of directors*

Period: *2003 - 2003*  
Organization: *OJSC "Kalugaenergo"*

Post: *member of the Board of directors*

Period: *2001 – present time*

Organization: *Association for investors' rights protection*

Post: *expert*

Period: *2002 – present time*

Organization: *OJSC "Cherepetskaya state district power plant"*

Post: *member of the Board of directors*

Period: *2002 – present time*

Organization: *OJSC "Ryazanenergo"*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "Pechorskaya state district power plant"*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "Kurskenergo"*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "Southern Telecommunication Company"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "Vladimirskaya electric power company"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "Penzenskaya electric power generating company"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

**Kuznetsov Sergey Ivanovich**

Year of birth: **1953**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2001**

Organization: **CJSC “PeterStar”**

Post: **General Director**

Period: **2001 - 2003**

Organization: **OJSC “Rostelecom”**

Post: **General Director**

Period: **2001 - 2003**

Organization: **OJSC “Rostelecom”**

Post: **chairman of the Management board**

Period: **2001 - 2003**

Organization: **non- government pension fund “Rostelecom- Garantiya”**

Post: **member of the fund’s council**

Period: **2001 - 2003**

Organization: **OJSC “Svyazinvest”**

Post: **member of the Management board**

Period: **2001 - 2003**

Organization: **OJSC “RTK-Leasing”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **CJSC “Globaster – Space telecommunications”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **OJSC “RTCom.RU”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **OJSC “Telmos”**

Post: **member of the Board of directors**

Period: **2002 - 2003**

Organization: **CJSC “Interfax–Telecom”**

Post: **member of the Board of directors**

Period: *2002 - 2004*

Organization: *OJSC "Rostelecom"*

Post: *member of the Board of directors*

Period: *2003 - 2003*

Organization: *OJSC "RTK-Leasing"*

Post: *chairman of the Board of directors*

Period: *2003 - 2004*

Organization: *OJSC "North West Telecom"*

Post: *General Director*

Period: *2003 - 2004*

Organization: *OJSC "North West Telecom"*

Post: *chairman of the Management board*

Period: *2004 - 2004*

Organization: *OJSC "North West Telecom"*

Post: *member of the Board of directors*

Period: *2004 - 2004*

Organization: *Non-commercial partnership "The center of investigation of telecommunication problems"*

Post: *member of the council of the partnership*

Period: *2004 – present time*

Organization: *OJSC "Svyazinvest"*

Post: *member of the Management board*

Period: *2004 – present time*

Organization: *OJSC "Svyazinvest"*

Post: *first deputy to the General Director*

Period: *2004 – present time*

Organization: *OJSC "Telecominvest"*

Post: *member of the Board of directors*

Period: *2003 – 2005*

Organization: *Interregional commercial bank of development of telecommunication and informatics (Open Joint Stock Company)*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC of domestic and international long-distance electric communication "Rostelecom"*

Post: *member of the Board of directors*

Period: *2005 – present time*



Organization: *OJSC “CenterTelecom”*  
Post: *member of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Southern Telecommunication Company”*  
Post: *chairman of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Uralsvyazinform”*  
Post: *chairman of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Sibirtelecom”*  
Post: *chairman of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Dalsvyaz”*  
Post: *chairman of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “Central telegraph”*  
Post: *chairman of the Board of directors*

Period: *2005 – present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*Slizen Vitalyi Alexandrovich*

Year of birth: *1970*

Education: *higher education*

Posts held during the last 5 years:

Posts held during the last 5 years:

Period: *2000 – 2001*  
Organization: *OJSC “Telecominvest”*

Post: *director of division of fixed-line communication, director of department for development of fixed-line communication projects*

Period: *2001 – 2004*

Organization: *OJSC “Interregional TransitTelecom”*

Post: *first deputy to the General Director*

Period: *2004 – present time*

Organization: *Ministry of information technologies and telecommunication of Russian Federation*

Post: *director of department for state policy in the sphere of information and communication technologies*

Period: *2000 – 2001*

Organization: *CJSC “Web Plus”*

Post: *member of the Board of directors*

Period: *2000 – 2001*

Organization: *CJSC “Saint-Petersburg payphones”*

Post: *member of the Board of directors*

Period: *2000 – 2001*

Organization: *OJSC “National payphone network”*

Post: *member of the Board of directors*

Period: *2000 – 2001*

Organization: *OJSC “Telecominvest”*

Post: *member of the Management board*

Period: *2000 – 2001*

Organization: *CJSC “Petersburg TransitTelecom”*

Post: *member of the Board of directors*

Period: *2000 – 2002*

Organization: *CJSC “Saint-Petersburg informational company”*

Post: *member of the Board of directors*

Period: *2002 – 2004*

Organization: *OJSC “Interregional TransitTelecom”*

Post: *member of the Board of directors*

Period: *2001 – 2004*

Organization: *OJSC “Interregional TransitTelecom”*

Post: *member of the Management board*

Period: *2003 – 2004*

Organization: *CJSC “NevaLine”*

Post: *member of the Board of directors, chairman of the Board of directors*

Period: **2004 – 2005**  
Organization: **OJSC “Moscow cellular communication”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “Giprosvyaz”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “Rostelecom”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “Dalsvyaz”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “Dagsvyazinform”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Board of directors**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Fedorov Oleg Romanovich**

Year of birth: **1968**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2002**  
Organization: **SRO NAUFOR**  
Post: **member of the Management board**

Period: **2000 – 2003**

Organization: *Association for the investors' rights protection*  
Post: *head of the group of independent directors with the Association*

Period: *2000 - 2000*  
Organization: *SRO NAUFOR*  
Post: *head of the Department of the investors' rights protection*

Period: *2000 - 2002*  
Organization: *SRO NAUFOR*  
Post: *director of NAUFOR consulting center*

Period: *2000 - 2001*  
Organization: *SRO NAUFOR*  
Post: *head of the Department for infrastructure and competition at the securities market*

Period: *2002 - 2003*  
Organization: *OJSC "Kalugaenergo"*  
Post: *member of the Board of directors*

Period: *2002 – 2003*  
Organization: *Association for the investors' rights protection*  
Post: *deputy to the executive director*

Period: *2002 - 2003*  
Organization: *OJSC "Astrakhanenergo"*  
Post: *member of the Board of directors*

Period: *2002 - 2003*  
Organization: *OJSC "Kurskenergo"*  
Post: *member of the Board of directors*

Period: *2002 - 2003*  
Organization: *OJSC "Sverdlovenergo"*  
Post: *member of the Board of directors*

Period: *2002 – 2003*  
Organization: *OJSC "Omskenergo"*  
Post: *member of the Board of directors*

Period: *2002 – 2004*  
Organization: *OJSC "Nizhnovenergo"*  
Post: *member of the Board of directors*

Period: *2003 - 2004*  
Organization: *OJSC "Kubanenergo"*  
Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *CJSC "United Financial Group"*  
Post: *executive director of corporate finances department*

Period: *2003 - present time*  
Organization: *OJSC "VolgaTelecom"*  
Post: *member of the Board of directors*

Period: *2004 - 2005*  
Organization: *OJSC "Novosibirskenergo"*  
Post: *member of the Board of directors*

Period: *2004 – present time*  
Organization: *Association for investors' rights protection*  
Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*  
Stake of the issuer's ordinary shares: *none*  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*  
Stake in affiliated/dependent companies of the issuer: *none*  
Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

*Chernogorodskiy Sergey Valerievich*

Year of birth: *1977*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2000*  
Organization: *OJSC "Svyazinvest"*  
Post: *main specialist of the sector of liquidity increase program of the Department of securities*

Period: *2000 - 2002*  
Organization: *OJSC "Svyazinvest"*  
Post: *head of the sector for investors' relations, development of shares secondary market of the securities Department*

Period: *2000 - 2001*  
Organization: *OJSC "Elektrosvyaz" of Kaliningrad oblast*  
Post: *member of the Board of directors*

Period: *2000 - 2001*  
Organization: *OJSC "Martelcom"*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC "Martelcom"*

Post: *chairman of the Board of directors*

Period: *2001 – 2004*

Organization: *OJSC "Svyaz" of Komi Republic*

Post: *member of the Board of directors*

Period: *2002 - 2003*

Organization: *OJSC "Svyazinvest"*

Post: *deputy to the director of the Department of securities*

Period: *2003 - present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Period: *2003 - 2004*

Organization: *OJSC "Lensviayz"*

Post: *member of the Board of directors*

Period: *2003 - present time*

Organization: *OJSC "Uralsvyazinform"*

Post: *member of the Board of directors*

Period: *2003 - present time*

Organization: *OJSC "Svyazinvest"*

Post: *director of the Department of stock capital*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

**Single executive body and also the members of the issuer's collegial executive body:**

**Personal structure of the issuer's collegial executive body – the Management board:**

**The Chairman of the Management board:**

*Omelchenko Sergey Valerievich*

Year of birth: *1963*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2002*

Organization: *technical node of trunk communication and TV № 3 of branch of OJSC of DLD and ILD communication "Rostelecom"*

Post: *director of technical node - 3*

Period: *2002 - 2003*

Organization: *branch of OJSC "Rostelecom" – territorial center of DLD communication and TV № 5 (TCDLDC – 5)*

Post: *director of General directorate of TC DLDC – 5*

Period: *2003 - 2005*

Organization: *the Volga branch of OJSC "Rostelecom"*

Post: *director*

Period: *2005 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *General Director*

Period: *2005 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *chairman of the Management board*

Period: *2005 – present time*

Organization: *CJSC "NCC"*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC "Orenburg-GSM"*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "TATINCOM-T"*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

**Members of the Management board:**

**Ganeeva Alla Albertovna**  
Year of birth: **1951**  
Education: **higher education**

Posts held during the last 5 years:

Period: **2000 – present time**

Organization: **OJSC “Svyazinvest”**

Post: **chief of sector of communication networks service of the Department of communication**

Period: **2000 - 2000**

Organization: **OJSC “MGTS”**

Post: **member of the Board of directors**

Period: **2000 - 2002**

Organization: **OJSC “Elektrosvyaz” of Kaliningrad oblast**

Post: **chairman of the Board of directors**

Period: **2000 - 2002**

Organization: **OJSC “Svyazinform” of the Republic of Mordoviya**

Post: **chairman of the Board of directors**

Period: **2000 - 2000**

Organization: **OJSC “Elektrosvyaz” of Moscow oblast**

Post: **member of the Board of directors**

Period: **2003 – present time**

Organization: **OJSC “Dalsvyaz”**

Post: **member of the Management board**

Period: **2005 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **member of the Management board**

Period: **2005 – present time**

Organization: **CJSC “Novocom”**

Post: **member of the auditing committee**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Grigorieva Lyubov Ivanovna**

Year of birth: **1953**

Education: **higher education**



Posts held during the last 5 years:

Period: *2000 - 2002*

Organization: *LLC "First independent registrar"*

Post: *Chairman of the board of directors*

Period: *2000 - 2001*

Organization: *OJSC "Nizhniy Novgorod regional center "Myza"*

Post: *member of the Board of directors*

Period: *2000 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Management board*

Period: *2000 – present time*

Organization: *OJSC "VolgaTelecom"*

Post: *deputy to the General Director*

Period: *2000 - 2003*

Organization: *OJSC "VolgaTelecom"*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC "Kirovelektrosvyaz"*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC "UdmurtTelecom"*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *CJSC "RusLeasingSvyaz"*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC "Svyazinform" of Penza oblast*

Post: *member of the Board of directors*

Period: *2002 – 2003*

Organization: *LLC "The First independent registrar"*

Post: *member of the Board of directors*

Period: *2003 - 2005*

Organization: *CJSC "Nizhny Novgorod cellular communication"*

Post: *member of the Board of directors*

Period: *2003 - present time*

Organization: *CJSC "Orenburg - GSM"*

Post: *Chairman of the Board of directors*

Period: *2003 - 2005*

Organization: *CJSC "Saratov Mobile"*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *OJSC "Tatincom – T"*

Post: *member of the Board of directors*

Period: *2004 - 2005*

Organization: *CJSC "Public telephone Saratov"*

Post: *member of the Board of directors*

Period: *2004 - 2004*

Organization: *CJSC "Digital networks of Udmurtiya - 900"*

Post: *member of the Board of directors*

Period: *2004 - 2005*

Organization: *OJSC "ICN "Omrix"*

Post: *member of the Board of directors*

Period: *2004 - 2005*

Organization: *CJSC "Ulyanovsk GSM"*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC "VolgaTelecom" Nizhny Novgorod branch*

Post: *deputy to the director of the branch for personnel and general issues*

Equity stake in the charter capital of the issuer: *0,00015%*

Stake of the issuer's ordinary shares: *0,00021%*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

*Dyakonov Mikhail Vasilievich*

Year of birth: *1954*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - present time*

Organization: ***OJSC "VolgaTelecom"***  
Post: ***member of the Management board***

Period: ***2000 - present time***  
Organization: ***OJSC "VolgaTelecom"***  
Post: ***deputy to the General Director***

Period: ***2001 - 2002***  
Organization: ***OJSC "Svyazinform" of the Republic of Mordoviya***  
Post: ***member of the Board of directors***

Period: ***2001 - 2002***  
Organization: ***OJSC "Svyazinform" of the Chuvash Republic***  
Post: ***member of the Board of directors***

Equity stake in the charter capital of the issuer: ***none***  
Stake of the issuer's ordinary shares: ***none***  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***  
Stake in affiliated/dependent companies of the issuer: ***none***  
Stake of ordinary shares in affiliated/dependent companies of the issuer: ***none***  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: ***affiliated/dependent companies did not issue options***  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Kirillov Alexander Ivanovich***

Year of birth: ***1956***  
Education: ***higher education***

Posts held during the last 5 years:

Period: ***2000 – 2005***  
Organization: ***CJSC "Pulse - Radio – Yoshkar-Ola"***  
Post: ***chairman of the Board of directors***

Period: ***2000 – 2005***  
Organization: ***CJSC "Pulse - Radio"***  
Post: ***chairman of the Board of directors***

Period: ***2000 - 2002***  
Organization: ***OJSC "Martelcom" of Maryi El Republic***  
Post: ***General Director***

Period: ***2002 – 2004***  
Organization: ***OJSC "VolgaTelecom"***  
Post: ***deputy to the General Director - director of the branch in Maryi El Republic***

Period: **2002 - 2002**

Organization: **OJSC "VolgaTelecom"**

Post: **deputy to the General Director – director of "Martelcom" branch of Maryi El Republic**

Period: **2004 – present time**

Organization: **OJSC "VolgaTelecom"**

Post: **first deputy to the General Director (technical director)**

Period: **2003 – present time**

Organization: **OJSC "VolgaTelecom"**

Post: **member of the Management board**

Period: **2005 – present time**

Organization: **OJSC "Tatincom –T"**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **CJSC "Ulyanovsk-GSM"**

Post: **chairman of the Board of directors**

Equity stake in the charter capital of the issuer: **0,06681%**

Stake of the issuer's ordinary shares: **0,08757%**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

**Kormilitsyna Lyudmila Alexeevna**

Year of birth: **1955**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2000**

Organization: **OJSC "Rostovelektrosvyaz"**

Post: **member of the Board of directors**

Period: **2000 - 2000**

Organization: **OJSC "Rostelecom"**

Post: **member of the Board of directors**

Period: **2000 - 2001**

Organization: **OJSC "Svyazinvest»**

Post: **head of sector of communication department**

Period: **2000 - 2002**  
Organization: **OJSC "Yamalelektrosvyaz"**  
Post: **chairman of the Board of directors**

Period: **2000 - 2002**  
Organization: **OJSC "Svyazinform" of Penza oblast**  
Post: **chairman of the Board of directors**

Period: **2001 - 2005**  
Organization: **OJSC "Svyazinvest»**  
Post: **deputy to the director of communication department**

Period: **2003 - present time**  
Organization: **OJSC "VolgaTelecom"**  
Post: **member of the Management board**

Period: **2003 - 2003**  
Organization: **OJSC "Southern Telecom Company"**  
Post: **member of the Management board**

Period: **2005 – present time**  
Organization: **OJSC "Svyazinvest»**  
Post: **deputy to the chief of sector of representatives of corporate governance Department**

Equity stake in the charter capital of the issuer: **none**  
Stake of the issuer's ordinary shares: **none**  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**  
Stake in affiliated/dependent companies of the issuer: **none**  
Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

**Omelchenko Sergey Valerievich**  
Year of birth: **1963**  
Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2002**  
Organization: **technical node of trunk communication and TV № 3 of branch of OJSC of DLD and ILD communication "Rostelecom"**  
Post: **director of technical node - 3**

Period: **2002 - 2003**  
Organization: **branch of OJSC "Rostelecom" – territorial center of DLD communication and TV № 5 (TCDLDC – 5)**

Post: *director of General directorate of TCDLDC – 5*

Period: *2003 - 2005*

Organization: *the Volga branch of OJSC “Rostelecom”*

Post: *director*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *General Director*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *chairman of the Management board*

Period: *2005 – present time*

Organization: *CJSC “NCC”*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “Orenburg-GSM”*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “TATINCOM-T”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

***Pozdnyakov Denis Vyacheslavovich***

Year of birth: *1976*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 - 2001*

Organization: *CJSC “Lenteplosnab”*

Post: *adviser*

Period: *2001 – 2001*

Organization: *CJSC “Lenteplosnab”*

Post: *head of financial department*

Period: *2001 – 2002*

Organization: *CJSC “Lenteplosnab”*  
Post: *deputy to the General Director for finances and economics*

Period: *2002 – 2002*

Organization: *State Unitary Enterprise “St.Petersburg fuel and energy complex”*

Post: *chief of Treasury of the sector of Finance department of the office of the director for finances*

Period: *2002 – 2002*

Organization: *State Unitary Enterprise “St.Petersburg fuel and energy complex”*

Post: *director for finances*

Period: *2002 – 2003*

Organization: *State Unitary Enterprise “St.Petersburg fuel and energy complex”*

Post: *first deputy to the General Director (for finances and economics)*

Period: *2004 – 2005*

Organization: *OJSC “Regional communal investments”, Moscow*

Post: *director for economics and finances*

Period: *2005 – 2005*

Organization: *OJSC “VolgaTelecom”*

Post: *economics and finances adviser of General directorate management*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *first deputy to the General Director for economics and finances of the General directorate*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Management board*

Period: *2005 – present time*

Organization: *CJSC “NCC”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “RTCOM”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “TATINCOM-T”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

**Popkov Nikolai Ivanovich**

Year of birth: **1973**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2000**

Organization: **OJSC "Razvitie"**

Post: **Chief accountant**

Period: **2000 - 2001**

Organization: **OJSC "VolgaTelecom"**

Post: **lead accountant of general accounting department**

Period: **2001 - 2002**

Organization: **OJSC "VolgaTelecom"**

Post: **deputy to the chief accountant of general accounting department**

Period **2002 - 2002**

Organization: **OJSC "VolgaTelecom"**

Post: **first deputy to the chief accountant**

Period: **2003 – present time**

Organization: **OJSC "VolgaTelecom"**

Post: **Chief accountant of General Directorate**

Period: **2003 – present time**

Organization: **OJSC "VolgaTelecom"**

Post: **member of the Management board**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer's ordinary shares: **none**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

**Sipatova Taisiya Mikhailovna**

Year of birth: **1954**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2001**

Organization: **Department of finances of the Administration of Nizhny Novgorod oblast**

Post: **first deputy to the Department director**



Period: **2001 - 2002**

Organization: **Department of finances of the Administration of Nizhny Novgorod oblast**

Post: **acting director of the Department of finances**

Period: **2002 - 2002**

Organization: **OJSC "VolgaTelecom"**

Post: **head of treasury**

Period: **2002 - 2002**

Organization: **OJSC "VolgaTelecom"**

Post: **deputy to the General Director**

Period: **2003 - present time**

Organization: **OJSC "VolgaTelecom"**

Post: **first deputy to the General Director for economics and finances**

Period: **2003 - present time**

Organization: **OJSC "VolgaTelecom"**

Post: **member of the Management board**

Period: **2003 -2004**

Organization: **CJSC "JSCB "C-Bank"**

Post: **member of the Board of directors**

Period: **2003 – 2004**

Organization: **CJSC Joint Stock Commercial Bank "C - Bank"**

Post: **member of the Board of directors**

Period: **2004 - 2005**

Organization: **CJSC "Nizhny Novgorod Cellular Communication"**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **OJSC "VolgaTelecom" Nizhny Novgorod branch**

Post: **deputy to the Director of the branch for economics and finances**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer's ordinary shares: **none**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

The issuer's single executive body: ***Omelchenko Sergey Valerievich***

***Omelchenko Sergey Valerievich***

Year of birth: ***1963***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2000 - 2002***

Organization: ***technical node of trunk communication and TV № 3 of branch of OJSC of DLD and ILD communication "Rostelecom"***

Post: ***director of technical node - 3***

Period: ***2002 - 2003***

Organization: ***branch of OJSC "Rostelecom" – territorial center of DLD communication and TV № 5 (TCDLDC – 5)***

Post: ***director of General directorate of TC DLDC – 5***

Period: ***2003 - 2005***

Organization: ***the Volga branch of OJSC "Rostelecom"***

Post: ***director***

Period: ***2005 – present time***

Organization: ***OJSC "VolgaTelecom"***

Post: ***General Director***

Period: ***2005 – present time***

Organization: ***OJSC "VolgaTelecom"***

Post: ***chairman of the Management board***

Period: ***2005 – present time***

Organization: ***CJSC "NCC"***

Post: ***chairman of the Board of directors***

Period: ***2005 – present time***

Organization: ***CJSC "Orenburg-GSM"***

Post: ***chairman of the Board of directors***

Period: ***2005 – present time***

Organization: ***OJSC "TATINCOM-T"***

Post: ***member of the Board of directors***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer's ordinary shares: ***none***

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***

Stake in affiliated/dependent companies of the issuer: ***none***

Stake of ordinary shares in affiliated/dependent companies of the issuer: ***none***

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: ***affiliated/dependent companies did not issue options***

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

### **5.3. Data on the size of remuneration, benefits and/or compensation of expenses for each management body of the issuer**

All kinds of remunerations that were paid by the issuer for 2004 fiscal year to the issuer's Board of directors members:

The amount of income of all members of the Board of directors for 2004: **22 825 950 rubles**  
*The remuneration of the members of the Board of directors for 2004 is defined in accordance with the Provision on the Board of directors and amounts to 21 605 080 rubles. Member of the Board of directors – Lyulin V.F. is a staff member of OJSC “VolgaTelecom” and is also a member of the issuer's Management board. His income as a staff member is reflected in the amount of income of the Management board members.*

The Committee for corporate governance with the Board of directors.  
*Remuneration to the members of the Committee for corporate governance with the issuer's Board of directors in accordance with the Provisions on Committees for 2004 amounts to 356 087 rubles.*

The Committee for strategic development with the Board of directors.  
*Remuneration to the members of the Committee for strategic development with the issuer's Board of directors in accordance with the Provisions on Committees for 2004 amounts to 356 087 rubles.*

The Committee for staff and rewards with the Board of directors.  
*Remuneration to the members of the Committee for staff and rewards with the issuer's Board of directors in accordance with the Provisions on Committees for 2004 amounts to 288 261 ruble.*

The Committee for audit with the Board of directors.  
*Remuneration to the members of the Committee for audit with the issuer's Board of directors in accordance with the Provisions on Committees for 2004 amounts to 220 435 rubles.*

Information about existing arrangements as regards such payments in 2005:

*Members of the Company's Board of directors during the period of their duties execution are paid remuneration and compensations of expenses related to their execution of functions of the Board of directors members.*

*The remuneration to the members of the Board of directors consists of the quarterly and annual ones.*

*Quarterly remuneration to each member of the Board of directors is established in the amount of 200 000 rubles.*

*For the Chairman of the Board of directors the remuneration is fixed with coefficient of 1.5.*

*Quarterly remuneration of a member of the Board of directors is decreased by:*

*30% - in case of his (her) presence at less than half of sessions of the Board of directors held in the form of joint attendance;*

*100% - if he (she) participated in less than half of all held sessions of the Board of directors.*

*For the quarter, in which the re-election of the Board of directors occurred, the remuneration to a member of the Board of directors is paid proportionally to the time worked in this quarter.*

*Annual remuneration for the entire structure of the Company's Board of directors is established as the sum of deductions according to norms (percent):*

*- of EBITDA of the Company by IFRS accounting statement data for the reporting year;*

*- of the Company's net profit by the results of the reporting year, allocated to the payment of dividends.*

*Annual remuneration is distributed among all members of the Board of directors in equal shares.*

*Annual remuneration of a member of the Board of directors is decreased by 50% in case of his (her) participation in less than half of all Board of directors sessions held during the period of his/her term of office.*

*Norms (percent) of deductions for the calculation of annual remuneration are defined by the resolution of the shareholders general meeting electing the specified structure of the Board of directors.*

*Annual general meeting of shareholders of OJSC "VolgaTelecom" held on June 28, 2005 considered the issue of determining the size of remuneration to the Issuer's Board of directors members and the following resolution was passed:*

*"To approve the following norms (percent) of deductions for calculation of annual remuneration to the members of the Board of directors being elected at the specified annual general meeting of shareholders:*

*- in the amount of 0,115% (one hundred fifteen thousandth of percent) of the Company's EBITDA by IFRS accounting statement data for 2005;*

*- in the amount of 0,164% (one hundred sixty-four thousandth of percent) of the Company's net profit, allocated to the payment of dividends by the results of 2005."*

*Annual remuneration to a member of the Board of directors is paid not later than 3 months after the termination of the term of office of the specified Board of directors' structure.*

*The Board of directors members who are the members of the Company's Board of directors committee are paid an increment to quarterly remuneration, connected with performance by them of their functions of the Board of directors committees members, in the amount of 40 000 rubles (for the participation in each Committee), and the Board of directors' member may not be in more than two Board of directors' committees simultaneously.*

*For the Chairman of a committee of the Board of directors the specified increment is established with coefficient of 1,25.*

*The Board of directors' members are entitled to participate in option programs carried out by the Company.*

All kinds of remunerations that were paid by the issuer for 2004 fiscal year to the issuer's Management board members:

The amount of income of all members of the Management board for 2004: **40 663 384 rubles**

*All kinds of remunerations to the issuer's Management board members for 2004 are 40 663 384 rubles and represent the following types of payments:*

*Remuneration to the members of the Management board for 2004 is defined in accordance with the Provision on Management board and amounts to 7 863 216 rubles.*

*Payments to the Management board members who are staff employees of OJSC "VolgaTelecom" in the amount of 32 800 168 rubles, including:*

*Salary in the amount of 16 192 124 rubles.*

*Bonuses in the amount of 13 729 876 rubles.*

*Compensation of expenses in the amount of 113 351 ruble.*

*Dividends in the amount of 1 311 037 rubles.*

*Other property grantings in the amount of 1 453 780 rubles.*

*Member of OJSC "VolgaTelecom" Management board – Lyulin V.F. is also a member of the issuer's Board of directors. Remunerations received by him from the Board of directors are reflected in the amount of payments to the members of the Board of directors".*

Information about existing arrangements as regards such payments in 2005:

*The members of the Company's Management board during the period of their duties*

*execution are paid remuneration and compensations of expenses related to their execution of the functions of the members of the Management board.*

*The size and the procedure of payment of remuneration and also its distribution among the Management board members are defined by the resolution of the Company's Board of directors in accordance with the Provision on remuneration of OJSC "VolgaTelecom" Management board members, the specified Provision being approved by the Board of directors on March 26, 2005 (Minutes №26).*

*The Management board members are entitled to participate in option programs carried out by the Company.*

#### **5.4. Data on the structure and scope of competence of the bodies controlling the issuer's financial-economic activity**

Full description of the structure of the bodies controlling the issuer's financial-economic activity and their competence in accordance with the issuer's charter (constitutive documents):

*In accordance with article 17 of OJSC "VolgaTelecom" Charter the control over the Company's financial-economic activity is carried out by the following control authorities:*

*Auditing committee (independent control body of the Company elected at annual general meeting of shareholders for the period till the next annual general meeting of shareholders and consisting of 5 persons.);*

*Structural subdivision - Department of internal audit, performing the functions of internal control;*

*And also an independent auditor is involved.*

*"The competence of the Auditing committee comprises:*

- Checking of reliability of the data contained in reports and other financial documents of the Company;*
- Revealing the facts of infringement of procedures of book keeping and presenting the financial reporting established by legal acts of the Russian Federation;*
- Checking of observance of legal norms during calculation and payment of taxes;*
- Revealing the facts of infringement of legal acts of Russian Federation according to which the Company carries out its financial and economic activity;*
- Evaluation of expediency of financial and economic operations of the Company.*

*17.2.3. Checking (audit) of financial and economic activity of the Company by the Auditing committee is carried out by the results of the Company's activity for a year.*

*Checking (audit) of financial and economic activity of the Company is carried out also at any time:*

*On the initiative of the Auditing committee of the Company;*

*By the resolution adopted by the general meeting of shareholders of the Company;*

*By the decision of the Board of directors of the Company;*

*At the request of a shareholder (shareholders) of the Company owning in aggregate at least 10 percent of the Company's voting shares on all issues of the competence of the general meeting of shareholders as of the date of the request submitting.*

*17.2.4. At the request of the Auditing committee, the persons occupying posts in the Company's management bodies are obliged to present documents on financial and economic activity of the Company.*

*17.2.5. The procedure of activity of the Auditing committee, and also the size and the procedure of payment of remuneration to the Auditing committee members are defined by the Provision on the Auditing committee of the Company, approved by the general meeting of shareholders."*

*17.3. In order to secure permanent internal control of all economic operations in the Company, the special structural sub-division is created in the Company, not dependent on agencies of the Company. Its activity is supervised directly by the Board of directors of the Company.*

*The functions of the specified structural sub-division, the due procedure of its activity, the procedure of appointment of the workers, requirements to them are defined by an internal*

*document approved by the Board of directors of the Company.*

*17.4. For checking and confirming the correctness of the annual financial reporting, the Company annually employs a professional auditor who is not connected by property interests with the Company or its shareholders.*

*17.4.1. An auditor carries out auditing of financial and economic activity of the Company according to legal acts of Russian Federation on the basis of the contract concluded with it.*

*17.4.2. The General meeting of shareholders approves the auditor of the Company. The terms and conditions of the contract concluded with the auditor, include the size of payment for its services, and are approved by the Board of directors of the Company.*

*17.4.3. Auditing of the Company's activity should be carried out at any time on demand of shareholders with cumulative share in the authorized capital of 10 percent or more. Shareholders - initiators of auditing submit a written requirement to the Board of directors which should contain the cause of requirement, the name (names) of shareholders, quantity and category (type) of shares belonging to them, the signature of the shareholder or of his authorized proxy. If the requirement is signed by the authorized proxy, the document confirming his power of attorney should be enclosed too."*

Information about availability of the issuer's internal document laying down the rules on preventing the insider dealings:

*The Issuer's internal document laying down the rules on preventing the insider dealings is specified in Supplement № 2.*

**5.5. Information about the persons making up the structure of bodies controlling the issuer's financial-economic activity**

**The structure of the Company's Auditing committee**

*The Auditing committee consists of 5 persons:*

**Golubitskyi Bogdan Ivanovich**

Year of birth: 1979

Education: *higher education*

Period: 2000 - 2001

Organization: *OJSC "Svyazinvest"*

Post: *specialist of 1-st category of the sector of analysis, forecasting and summary planning of business processes of the department of economic forecasting and summary planning*

Period: 2001 – 2002

Organization: *OJSC "Svyazinvest"*

Post: *leading specialist of the sector of economic planning and budgeting of the department of economic and tariff policy*

Period: 2002 – 2003

Organization: *OJSC "Svyazinvest"*

Post: *main specialist of the sector of economic planning and budgeting of the department of economic and tariff policy*

Period: 2003 – 2005

Organization: *OJSC "Svyazinvest"*

Post: *main specialist of the sector of budgeting of the department of economic planning and budgeting*

Period: 2005 – present time

Organization: *OJSC “Svyazinvest”*  
Post: *chief of the sector of budgeting of the department of economic planning and budgeting*

Period: *2005 – present time*  
Organization: *OJSC “Uralsvyazinform”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *member of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*  
Stake of the issuer’s ordinary shares: *none*  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*  
Stake in affiliated/dependent companies of the issuer: *none*  
Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

**Zubova Tatiana Yurievna**

Year of birth: *1960*  
Education: *higher education*

Posts held during the last 5 years:  
Period: *2000 - 2000*  
Organization: *RAO “Unified Energy System of Russia”*  
Post: *chief of the sector of reporting of the department of accounting and reporting*

Period: *2003 – 2003*  
Organization: *OJSC “Svyazinvest”*  
Post: *contract labor in the sector of methodology of the department of accounting records*

Period: *2003 – 2004*  
Organization: *OJSC “Svyazinvest”*  
Post: *main specialist of the sector of methodology of the department of accounting records*

Period: *2004 – present time*  
Organization: *OJSC “Svyazinvest”*  
Post: *deputy to the chief of the sector of methodology of the department of accounting records*

Period: *2005 – present time*  
Organization: *CJSC “Startcom”*  
Post: *auditor*

Period: *2005 – present time*  
Organization: *CJSC “Yeniseitelecom”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *member of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*  
Stake of the issuer’s ordinary shares: *none*  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*  
Stake in affiliated/dependent companies of the issuer: *none*  
Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*Kachurin Alexander Vladimirovich*

Year of birth: *1969*  
Education: *higher education*

Posts held during the last 5 years:  
Period: *2000 - 2003*  
Organization: *branch of LL Bank “MENATEP St.P” in Voronezh city*  
Post: *specialist, senior specialist of the sector of crediting*

Period: *2003 – present time*  
Organization: *OJSC “Svyazinvest”*  
Post: *chief of the sector of treasury of the department of finances*

Period: *2004 – 2005*  
Organization: *OJSC “CenterTelecom”*  
Post: *member of the Auditing committee*

Period: *2004 – 2005*  
Organization: *CJSC JSCIB “Pochtobank”*  
Post: *member of the Auditing committee*

Period: *2004 – 2005*  
Organization: *CJSC “Yeniseitelecom”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Sibirtelecom”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*



Organization: *OJSC “North-West Telecom”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *CJSC “STeC GSM”*  
Post: *member of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*  
Stake of the issuer’s ordinary shares: *none*  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*  
Stake in affiliated/dependent companies of the issuer: *none*  
Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

**Koroleva Olga Grigorievna**

Year of birth: *1950*  
Education: *higher education*

Posts held during the last 5 years:  
Period: *1995 - 2001*  
Organization: *LLC “Audit-center”*  
Post: *director*

Period: *2001 - 2003*  
Organization: *OJSC “Svyazinvest”*  
Post: *chief of the sector of methodology of the department of accounting records*

Period: *2003 - 2005*  
Organization: *OJSC “Svyazinvest”*  
Post: *deputy to the chief accountant*

Period: *2005 – present time*  
Organization: *OJSC “Svyazinvest”*  
Post: *chief accountant*

Period: *2003 - 2004*  
Organization: *CJSC “Vladimir-Teleservice”*  
Post: *member of the Auditing committee*

Period: *2003 - 2004*  
Organization: *CJSC “Nizhegorodteleservice”*  
Post: *member of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Giprosvyaz”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Uralsvyazinform”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Central telegraph”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “Dalsvyaz”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *CJSC “MC NTT”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “AEROCOM”*  
Post: *chairman of the Auditing committee*

Period: *2005 – present time*  
Organization: *OJSC “VolgaTelecom”*  
Post: *chairman of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*Feoktistova Nataliya Vadimovna*

Year of birth: *1966*

Education: *higher education*

Posts held during the last 5 years:

Period: *2000 –2002*

Organization: *OJSC “Elektrosvyaz” of Ulyanovsk oblast*

Post: *member of the Board of directors*

Period: *2000 - 2003*

Organization: *OJSC “Svyazinvest”*

Post: *main specialist of legal provision department*

Period: *2001 –2002*

Organization: *OJSC “Kirovelektrosvyaz”*

Post: *member of the Board of directors*

Period: *2003 – 2005*

Organization: *OJSC “Svyazinvest”*

Post: *head of the group for operation with affiliated companies of legal provision department*

Period: *2005 – present time*

Organization: *OJSC “Svyazinvest”*

Post: *head of sector of legal provision department*

Period: *2004- present time*

Organization: *OJSC “JSC Mobiltelecom”*

Post: *member of the Board of directors*

Period: *2005 –2005*

Organization: *Open Joint Stock Company “Information technologies of communication”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “Mobitel”*

Post: *auditor*

Period: *2005 – present time*

Organization: *OJSC “Uralsvyazinform”*

Post: *member of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in affiliated/dependent companies of the issuer: *none*

Stake of ordinary shares in affiliated/dependent companies of the issuer: *none*

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: *affiliated/dependent companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*As of 01.10.05 the Department of internal audit with the General Directorate of OJSC “VolgaTelecom” consists of 6 persons:*

*Feklin Alexander Vasilievich*

Year of birth: *1947*

Education: *higher education*

Posts held during the last 5 years:

Period: **2000 - 2003**  
Organization: **OJSC "VolgaTelecom"**  
Post: **chief of auditing section**

Period: **2003 – 2005**  
Organization: **OJSC "VolgaTelecom"**  
Post: **deputy to the director of the Department of internal audit**

Period: **2005 – present time**  
Organization: **OJSC "VolgaTelecom"**  
Post: **main specialist of the Department of internal audit**

Equity stake in the charter capital of the issuer: **0,000009%**  
Stake of the issuer's ordinary shares: **0,000011%**  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**  
Stake in affiliated/dependent companies of the issuer: **none**  
Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

**Tsyrkov Vladimir Venedictovich**

Year of birth: **1952**  
Education: **higher education**

Post held during the last 5 years:

Period: **2000 - 2002**  
Organization: **solo trader**  
Post: **accountant**

Period: **2002 – 2003**  
Organization: **LLC "F1-Group"**  
Post: **auditor**

Period: **2003 – present time**  
Organization: **OJSC "VolgaTelecom"**  
Post: **main specialist of the Department of internal audit**

Equity stake in the charter capital of the issuer: **none**  
Stake of the issuer's ordinary shares: **none**  
The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**  
Stake in affiliated/dependent companies of the issuer: **none**  
Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**  
The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

***Ablyasov Vladimir Pavlovich***

Year of birth: ***1967***

Education: ***higher education***

Post held during the last 5 years:

Period: ***2000 - 2002***

Organization: ***Inspection of Taxation Ministry for Avtozavodskiy district of Nizhny Novgorod city***

Post: ***tax inspector of 2-nd rank***

Period: ***03.2002 – 07.2002***

Organization: ***OJSC “VolgaTelecom”***

Post: ***inspector-auditor of auditing section***

Period: ***2002 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***main specialist of the Department of internal audit***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***the issuer did not issue options***

Stake in affiliated/dependent companies of the issuer: ***none***

Stake of ordinary shares in affiliated/dependent companies of the issuer: ***none***

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: ***affiliated/dependent companies did not issue options***

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Ivashova Lyudmila Alexandrovna***

Year of birth: ***1959***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2000 - 2000***

Organization: ***LLC “Inko-Lanns”***

Post: ***deputy to the director***

Period: ***2000 – 03.2004***

Organization: ***OJSC “Gorky Railroad”***

Post: ***chief accountant of general service department***

Period: ***03.2004 – 08.2005***

Organization: ***OJSC “VolgaTelecom”***

Post: ***main specialist of the Department of internal audit***

Period: ***08.2005 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***chief of methodology sector of the Department of internal audit***

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer's ordinary shares: **none**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

***Ilyina Nataliya Vladimirovna***

Year of birth: **1969**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2003**

Organization: **OJSC "VolgaTelecom"**

Post: **top specialist in taxes**

Period: **2003 – present time**

Organization: **OJSC "VolgaTelecom"**

Post: **top specialist of the Department of internal audit**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer's ordinary shares: **none**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

***Bryskina Olga Vyacheslavovna***

Year of birth: **1969**

Education: **higher education**

Posts held during the last 5 years:

Period: **2000 - 2000**

Organization: **LLC "Tekhnos-M"**

Post: **accountant**

Period: **2000 – 2002**

Organization: **LLC "Konfid-Audit"**

Post: **guidance counselor**

Period: **2002 – 2003**

Organization: **LLC “Nizhegorodgazaudit”**

Post: **assistant to an auditor**

Period: **2003 – 2004**

Organization: **LLC “Audit Company “Yumita”**

Post: **chief accountant**

Period: **2004 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **specialist of 1-st category of the Department of internal audit**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in affiliated/dependent companies of the issuer: **none**

Stake of ordinary shares in affiliated/dependent companies of the issuer: **none**

The quantity of shares of affiliated or dependent company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s affiliated or dependent company: **affiliated/dependent companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

#### **5.6. Data on the size of remuneration, benefits and/or compensation of expenses for the body controlling the issuer’s financial-economic activity**

All types of remunerations paid by the issuer for 2004 fiscal year to each body of control over the issuer’s financial-economic activity.

*The amount of income of the members of the Auditing committee for 2004 was 5 285 842 rubles.*

*The payments to the members of the Auditing committee in 2004 consist of remuneration, defined in accordance with the Provision on the Auditing committee in the amount of 5 285 842 rubles.*

*Member of the Auditing committee Feklin A.V. is a staff employee of the Department of internal audit and control of the issuer. His income as a staff employee is reflected in the amount of income of the employees of the Department of internal audit and control of OJSC “VolgaTelecom”.*

*For the Auditing committee’s work (including for holding sessions of the Auditing committee and for the time of carrying out audits) the Issuer provides premises equipped with office appliances (telephones, faxes, computers, printers and other office appliances at the reasonable request of the Auditing committee’s chairman). The premises provided should be located so that they made no hindrances in the Auditing committee’s work.*

*The Auditing committee at the expense of the Issuer is provided with stationery and other expendable materials in the amount necessary for the Auditing committee’s activity.*

*The members of the Auditing committee are compensated all confirmed expenses related to their execution of their duties of the members of the Auditing committee.*

*The members of the Auditing committee in the period of their execution of their duties are paid quarterly remuneration in the amount of 150 000 rubles to each of them.*

*The quarterly remuneration for the Auditing committee chairman is established with coefficient 1,3.*

*The remuneration of the Auditing committee member for the quarter, in which the re-election*

*of the Auditing committee occurred, is paid proportionally to the time worked in the quarter.*

*The amount of income of the employees of the Department of internal audit and control of the issuer for 2004 was 2 015 970 rubles.*

*The remuneration consists of income of the issuer's staff employees including salary in the amount of 1 125 827 rubles in accordance with staffing table, bonuses in the amount of 763 562 rubles, compensation of expenses in the amount of 16 752 rubles and other income from the issuer in the amount of 109 829 rubles. Feklin A.V. - the employee of the Department of internal audit and control is also a member of the issuer's Auditing committee and his remunerations as a member of the Auditing committee are reflected in the payments to the members of the Auditing committee of the issuer.*

**5.7. Data on the numbers and generalized data on education and composition of the issuer's employees (workers), and also the data on the change of the numbers of the issuer's employees (workers)**

The issuer's staff on the payroll, including the employees working in its branches and representation offices, and also the amount of deductions for wage and social insurance:

<b>Item description</b>	<b>Reporting period Quarter 3 of 2005</b>
Staff on the payroll, men	46 194
The share of the issuer's employees, having higher professional education, %	24,8
The amount of monetary funds spent for labor remuneration, thousand rubles	1 464 015,5
The amount of monetary funds spent to social welfare, thousand rubles	44 132,1
Total amount of spent monetary funds, thousand rubles	1 508 147,6

*The change of the number of the issuer's employees (workers) for the reporting period is not significant for the issuer.*

The employees materially affecting the Issuer's financial-economic activity (key employees)  
***Omelchenko Sergey Valerievich – OJSC "VolgaTelecom" General Director***

*The issuer's employees (workers) established trade union body, which is functioning now.*



**5.8. Data on any liabilities of the issuer to the employees (workers) related to their opportunities to participate in the issuer's Charter (reserve) capital (share fund)**

The issuer's liabilities relating to the opportunity of the issuer's employees (workers) to participate in its charter capital:

***The issuer has no liabilities to the employees (workers) related to their opportunity to participate in the issuer's charter capital.***

Information about granting or possibility of granting of the issuer's options to the issuer's employees (workers): ***The issuer did not float options.***

## **VI. Data on the issuer's participants (stockholders) and on related party transactions made by the issuer**

### **6.1. Data on the total number of the issuer's stockholders (participants)**

Total number of persons registered in the issuer's shareholders register as of the date of the end of the reporting quarter: **29 300**.

Total number of the nominee holders of the issuer's shares: **26**

### **6.2. Data on the issuer's participants (stockholders) possessing at least 5% of the issuer's Charter (reserve) capital (share fund) or at least 5% of the issuer's common stock, and also the data on participants (stockholders) of such entities, possessing at least 20% of the Charter (reserve) capital (share fund) or at least 20% of their common stock**

1. Full and abbreviated brand names:

***Open Joint Stock Company "Investment company of communication"***

***OJSC "Svyazinvest"***

Location: ***119121, Moscow, Pluyshchikha str., 55, bld. 2***

Taxpayer Identification Number: ***7710158355***

The size of the issuer's participant (shareholder) stake in the issuer's charter capital: ***38,0035%***

The size of the stake of the issuer's common stock: ***50,6704%***

Shareholders (participants) possessing at least 20% of the charter capital or at least 20% of ordinary shares of the issuer's shareholder (participant):

1.1. Full and abbreviated brand names:

***Mustcom Limited***

Location:

***Julia House 3***

***Themistoklis Dervis Street CY – 1066***

***Nicosia, Cyprus***

Size of share in the charter capital of the issuer's shareholder (participant): ***25%+1 share***

The size of the stake of ordinary shares with the shareholder (participant) of the issuer:

***25%+1 share***

The size of the stake in the issuer's charter capital: ***none***

The size of the stake of the issuer's ordinary shares: ***none***

1.2. Full and abbreviated brand names:

***Russian Federation represented by Federal agency for federal property management***

***Ros.imushchestvo***

Location: ***103865, Moscow, Nikolskiy pereulok, 9***

Taxpayer Identification Number: ***7710542402***

Size of share in the charter capital of the issuer's shareholder (participant): ***75% - 1 share***

The size of the stake of ordinary shares with the shareholder (participant) of the issuer:

***75% -1 share***

The size of the stake in the issuer's charter capital: ***none***

The size of the stake of the issuer's ordinary shares: ***none***

2. Full and abbreviated brand names:

**Lindsell Enterprises Limited**

Location:

**Cyprus, 2-4 Archbishop Mackarios III  
Avenue Capital Center, 9-th floor  
Cyprus, Nicosia 1505**

The size of the stake of the issuer's participant (shareholder) in the issuer's charter capital: **6,39%**

The size of the stake of the issuer's ordinary shares: **1,21%**

Shareholders (participants) possessing at least 20% of the charter capital or at least 20% of ordinary stock of the issuer's shareholder (participant):

***The issuer does not have the specified information.***

Nominee holders in favor of which the issuer's shares making up at least 5% of the issuer's charter capital or at least 5% of the issuer's ordinary stock are registered in the issuer's shareholders register:

3. Full and abbreviated brand names:

*(Nominee shareholder)*

**"ING BANK (Eurasia) CJSC" (CLOSED JOINT STOCK COMPANY)**

**"ING BANK (Eurasia) CJSC"**

Location:

**127473, Moscow, Krasnoproletarskaya str., 36**

Contact phone: **(095) 755-54 00**

Fax: **(095) 755-54 99**

E-mail address: [mail@ibimos.ru](mailto:mail@ibimos.ru)

Number, issue date and validity term of the license of professional participant at the securities market:

**№ 077-07405-001000 of 23.01.2004 – securities management activity**

**Till 23.01.2007.**

Name of the body that issued the license of professional participant at the securities market:

**Russia's FCSM**

The quantity of the issuer's ordinary stock registered in the register of the issuer's shareholders in favor of the nominee holder: **57 559 692 pieces**

4. Full and abbreviated brand names:

*(Nominee shareholder)*

**Closed Joint Stock Company "Depositary – Clearing Company"**

**CJSC "DCC"**

Location:

**115162, Moscow, Shabolovka str., 31, structure B**

Contact phone: **(095) 956-09 99; 411-83 38**

Fax: **(095) 232-68 04; 411-83 37**

E-mail address: [dcc@dcc.ru](mailto:dcc@dcc.ru)

Number, issue date and validity term of the license of professional participant at the securities market:

**№ 177-06236-000100 of 09.10.2002 – depositary activity**

**Without limitation of validity term**

*№ 177-06229-000010 of 07.10.2002 – clearing activity*

*Without limitation of validity term*

Name of the body that issued the license of professional participant at the securities market:  
*Russia's FCSM*

The quantity of the issuer's ordinary stock registered in the register of the issuer's shareholders in favor of the nominee holder: *14 679 487 pieces*

### **6.3. Data on participation share of the state or municipal organization in the issuer's Charter (reserve) capital (share fund), availability of special right ("golden share")**

The size of the stake of the issuer's charter capital being in state (federal) property: *0,6004232 %*

Full brand name: *Specialized government agency with Russian Federation government "Russian Fund of Federal property"*

Location: *119049, Moscow, Leninskyi avenue, 9*

The size of the stake of the issuer's charter capital being in state (*RF subjects*) property: *0,0000015 %*

Full brand name: *State unitary enterprise of Nizhny Novgorod oblast  
Regional agency of investments promotion*

Location: *603086, Nizhny Novgorod city, Sovnarkomovskaya str., 13*

The availability of the special right for participation of Russian Federation, of Russian Federation subjects, of municipal organizations in managing the issuer – joint stock company (of "golden share"):

*Special right for participation of Russian Federation, of Russian Federation subjects, of municipal organizations in managing the issuer – joint stock company (of "golden share") is not stipulated.*

### **6.4. Data on limitations for participation in the issuer's Charter (reserve) capital (share fund)**

*In the issuer's Charter there are no limitations of the number of shares belonging to one shareholder and/or of their total face value, and/or of maximum number of votes granted to one shareholder.*

*According to Russian Federation legislation or to other regulations of Russian Federation there are no limitations of the stake of participation of foreign entities/persons in the issuer's charter capital.*

*There are no other limitations related to participation in the issuer's charter capital.*

**6.5. Data on changes in the structure and scope of participation of the issuer's stockholders (participants) possessing at least 5% of the issuer's Charter (reserve) capital (share fund) or at least 5% of the issuer's common stock**

Structures of the issuer's shareholders (participants) who possessed at least 5% of the issuer's charter capital or at least 5% of the issuer's ordinary stock as defined of the date of the list of persons/entities who had the right to participate in every general meeting of the issuer's shareholders (participants) held during the last 5 accomplished fiscal years preceding the end date of the reporting quarter as per the list of persons/entities who had the right to participate in every of such meetings.

***On June 28, 2000 annual general meeting of shareholders of OJSC "Svyazinform" of Nizhny Novgorod oblast (OJSC "Nizhegorodsvyazinform") took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 1, 2000.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
1.	Open Joint Stock Company "Investment company of communication" OJSC "Svyazinvest"	38,0 %	50,7%
2.	Closed Joint Stock Company "Bank Credit Swiss First Boston AO" – nominee shareholder : RED HAND INVESTMENTS LIMITED	18,3%	20,9%
		8,4%	11,2%
3.	Closed Joint Stock Company "Brunswick Warburg Nominees" - nominee shareholder: Fenway Services Limited	5,5%	1,3%
		5,2%	0,9%
4.	ING BANK (EURASIA) CJSC – ING DEPOSITORY – nominee shareholder: The Bank of New York International Nominees	9,0%	12,0%
		9,0%	12,0%

***On June 25, 2001 annual general meeting of shareholders of OJSC "Svyazinform" of Nizhny Novgorod oblast (OJSC "Nizhegorodsvyazinform") took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – April 28, 2001.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
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1.	Open Joint Stock Company “Investment company of communication” OJSC “Svyazinvest”	38,0 %	50,7%
2.	Closed Joint Stock Company “Bank Credit Swiss First Boston AO” – nominee shareholder : RED HAND INVESTMENTS LIMITED	18,5%	21,2%
		8,4%	11,2%
3.	Closed Joint Stock Company “Depository-Clearing Company” CJSC “DCC”	5,0%	1,6%
4.	ING BANK (EURASIA) CJSC – ING DEPOSITORY – nominee shareholder: The Bank of New York International Nominees	9,0%	12,0%
		9,0%	12,0%

***On November 9, 2001 extraordinary general meeting of shareholders of OJSC “Svyazinform” of Nizhny Novgorod oblast (OJSC “Nizhegorodsvyazinform”) took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – September 10, 2001.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

№№	Full and abbreviated brand name	Stake in the Company’s charter capital, %	Stake of the Company’s ordinary stock, %
1.	Open Joint Stock Company “Investment company of communication” OJSC “Svyazinvest”	38,0 %	50,7%
2.	Closed Joint Stock Company “Bank Credit Swiss First Boston AO” – nominee shareholder : RED HAND INVESTMENTS LIMITED	18,3%	21,0%
		8,4%	11,2%
3.	ING BANK (EURASIA) CJSC – ING DEPOSITORY – nominee shareholder: The Bank of New York International Nominees	9,0%	12,0%
		9,0%	12,0%

***On June 28, 2002 annual general meeting of shareholders of OJSC “Svyazinform” of Nizhny Novgorod oblast (OJSC “Nizhegorodsvyazinform”) took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 9, 2002.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
1.	Open Joint Stock Company "Investment company of communication" OJSC "Svyazinvest"	38,0 %	50,7%
2.	"ING BANK (EURASIA) CJSC" (Closed Joint Stock Company) – nominee shareholder: - "JP MORGAN CHASE BANK"	10,1%	13,0%
		8,4%	11,1%
3.	Closed Joint Stock Company "Bank Credit Swiss First Boston AO" - nominee shareholder: - RED HAND INVESTMENTS LIMITED	18,8%	21,0%
		8,4%	11,2%
4.	Closed Joint Stock Company "Depository-Clearing Company" CJSC "DCC"	8,9%	8,1%

*On February 12, 2003 extraordinary general meeting of shareholders of OJSC "VolgaTelecom" took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – December 26, 2003.*

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
1.	Open Joint Stock Company "Investment company of communication" (OJSC "Svyazinvest")	38,0 %	50,7%
2.	Closed Joint Stock Company "Depository-Clearing Company" (CJSC "DCC")	9,7%	7,0%
3.	"ING BANK (EURASIA) CJSC" (Closed Joint Stock Company)	15,0%	15,9%

*On March 26, 2003 joint (extraordinary) general meeting of shareholders of OJSC "VolgaTelecom" took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – January 24, 2003.*

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
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1.	Open Joint Stock Company “Investment company of communication” (OJSC “Svyazinvest”)	38,0 %	50,7%
2.	Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”)	10,0%	7,3%
3.	“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company)	14,8%	15,6%

*On June 27, 2003 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 8, 2003.*

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

№№	Full and abbreviated brand name	Stake in the Company’s charter capital, %	Stake of the Company’s ordinary stock, %
1.	Open Joint Stock Company “Investment company of communication” (OJSC “Svyazinvest”)	38,0 %	50,7%
2.	Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”)	9,9%	6,6%
3.	“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholders: - “JPMORGAN CHASE BANK”	18,4%	18,8%
		5,3%	7,1%

*On June 22, 2004 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 3, 2004.*

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

№№	Full and abbreviated brand name	Stake in the Company’s charter capital, %	Stake of the Company’s ordinary stock, %
1.	Open Joint Stock Company “Investment company of communication” (OJSC “Svyazinvest”)	38,0%	50,7%
2.	Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”)	8,9%	5,4%
3.	“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) –	17,3%	19,8%



		9,1%	12,2%
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***On June 28, 2005 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 10, 2005.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	Open Joint Stock Company “Investment company of communication” (OJSC “Svyazinvest”)	38,0%	50,7%
2.	Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”)	8,3%	5,1%
3.	“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholders: - “JPMORGAN CHASE BANK N.A.”	18,9%	22,3%
		11,5%	15,3%
4.	Lindsell Enterprises Limited	6,2%	1,2%

#### **6.6. Data on related party transactions made by the issuer**

Total quantity and the total amount in monetary terms of related party transactions approved by each management body of the issuer based on the results of the last reporting quarter:

***The Issuer made 2 (two) related party transactions approved by the Company’s Board of directors for the total amount of 18 630 820, 00 rubles (eighteen million six hundred thirty thousand eight hundred twenty).***

***The issuer did not make related party transactions (groups of interrelated transactions) that required the approval of the general meeting of shareholders.***

***The issuer did not make related party transactions (groups of interrelated transactions) the price of which is 5 and more percent of the issuer’s balance-sheet assets defined by the data of its accounting statement as of the last reporting date prior to the conclusion of the transaction made by the issuer during the last reporting quarter.***

Total volume of related party transactions made by the issuer during the last reporting quarter in monetary terms:

***Total volume of related party transactions made by the issuer during the last reporting quarter is***

18 630 820, 00 rubles (eighteen million six hundred thirty thousand eight hundred twenty).

*The issuer did not make related party transactions (groups of interrelated transactions) not approved by the Board of directors or general meeting of shareholders of the issuer in cases when such approval is mandatory in accordance with Russian Federation legislation.*

#### 6.7. Data on the size of the accounts receivable

Behavior of OJSC “VolgaTelecom” accounts receivable:

Item description	Quarter 3 of 2004	Quarter 3 of 2005
Accounts receivable, total, (lines 230,240 of form №1), thousand rubles	2 205 055	1 819 219
Overdue accounts receivable, thousand rubles	0	0
Provision for doubtful debts, thousand rubles	891 479	1 309 351

The structure of OJSC “VolgaTelecom” accounts receivable with indication of liability performance for quarter 3 of 2005:

Type of accounts receivable	Payment occurrence date	
	Less than a year	Over a year
Buyers and customers accounts receivable, thousand rubles	1 428 050	2 604
Including overdue, thousand rubles	–	X
Bills receivable, thousand rubles	–	–
Including overdue, thousand rubles	–	X
The debt of participants (founders) related to the contributions to the charter capital, thousand rubles	–	–
Including overdue, thousand rubles	–	X
Advance payments made, thousand rubles	202 530	1 016
Including overdue, thousand rubles	–	X
Other accounts receivable, thousand rubles	168 441	16 579
Including overdue, thousand rubles	–	X
Total, thousand rubles	1 799 021	20 198
Including overdue total, thousand rubles	–	X

*There are no debtors the amount of debts of each of them is at least 10% of the total amount of accounts receivable as of 01.10.2005.*

## **VII. The issuer's accounting statement and other financial information**

### **7.1. The issuer's annual accounting statement**

In accordance with Russian Federation legislation requirements the issuer forms the annual accounting statement with the following documents:

- *Balance sheet,*
- *Income statement,*
- *Statement of changes of capital,*
- *Cash flow statement,*
- *Supplements to balance sheet,*
- *Explanatory note to accounting statement.*

The annual accounting statement is subject to obligatory *audit and is released with auditor's report attached.*

The issuer forms the annual consolidated financial statement in accordance with International Financial Reporting Standards requirements with the following documents:

- *Balance sheet;*
- *Income statement,*
- *Cash flow statement,*
- *Statement of flows of shareholders proprietary resources;*
- *Notes.*

*Consolidated financial reporting in accordance with International Financial Reporting Standards requirements is subject to obligatory audit and is released with auditor's report attached.*

*Supplement № 3*

### **7.2. The issuer's quarterly accounting statement for the last accomplished reporting quarter**

*In accordance with Russian Federation legislation requirements the issuer forms quarterly accounting statement with the following documents:*

- Balance sheet,*
- Income statement.*

*Supplement №4*

*In the third quarter of 2005 the Issuer for the first time formed and published non-audited quarterly financial statement according to the requirements of International Financial Reporting Standards of Financial Statement for the 1-st half of 2005:*

*Supplement № 5*

### **7.3. The issuer's consolidated accounting statement for the last accomplished fiscal year.**

*The issuer does not form consolidated accounting statement with other legal entities in accordance with Russian Federation legislation.*

*The issuer forms the annual consolidated financial statement in accordance with International Financial Reporting Standards requirements with the following documents:*

- *Balance sheet,*
- *Income statement,*
- *Cash flow statement,*
- *Statement of flows of shareholders proprietary resources;*
- *Notes.*

*Consolidated financial reporting in accordance with International Financial Reporting Standards requirements is subject to obligatory audit and is released with auditor's report attached. The date of release of the reporting for 2004 – August 2005, therefore consolidated financial reporting for 2004 drawn up in accordance with International Financial Reporting Standards is included in the issuer's quarterly report for the third quarter (into item 7.1).*

#### **7.4. Data on the issuer's accounting policy**

*The issuer's accounting policy defined in accordance with Russian Federation legislation on accounting and approved by CEO's order:  
Supplement №6*

#### **7.5. Data on total amount of export, and also on the share of export in the total volume of sales**

Total amount of the issuer's income received from export of products (goods, works, and services), and also the share of such income in the issuer's income from ordinary activities, the specified share being calculated for each reporting period separately.

*The issuer does not export products (goods, works, and services).*

#### **7.6. Data on the cost of the issuer's real property and on essential changes occurred in the structure of the issuer's property following the end date of the last accomplished fiscal year**

The cost of real property:

*As of 30.09.2005 it amounts to 4 192 425 857 rubles, the amount of accumulated depreciation is 935 985 105 rubles.*

*There were no material facts related to OJSC "VolgaTelecom" financial and economic activity, occurred for the period after the end date of the last accomplished fiscal year till the end date of the reporting quarter. And namely, there were no essential changes in the structure of the real estate, there were no acquisitions and disposals on any grounds of other property the cost of which is over 5 % of the book value of assets*

#### **7.7. Data on the issuer's participation in legal processes in case when such participation may materially affect the issuer's financial-economic activity**

*The issuer did not participate in legal processes which could materially affect its financial-economic activity.*

## VIII. Additional data on the issuer and issuing securities placed by the issuer

### 8.1. Additional data on the issuer

#### 8.1.1. Data on the size, structure of the issuer's Charter (reserve) capital (share fund)

The size of the issuer's charter capital as of the end date the reporting quarter (rubles):

**1 639 764 970**

Breakdown of the charter capital by the category of shares:

Ordinary shares (pieces): **245 969 590**

Total face value (rubles): **1 229 847 950**

The size of the stake in the charter capital: **75.001477 %**

Preferred shares (pieces): **81 983 404**

Total face value (rubles): **409 917 020**

The size of the stake in the charter capital: **24.998523 %**

*A part of the issuer's shares is circulating outside Russian Federation by way of circulation in accordance with foreign law of securities of foreign issuers certifying the rights in relation to the issuer's shares.*

Category (type) of shares circulating outside Russian Federation:

**Registered paperless ordinary shares** (within the framework of the Program of American Depositary Receipts (ADR) of Level I.

The stake of shares circulating outside Russian Federation of the total number of shares of the appropriate category (type): **17,35 %**

The name, location of foreign issuer the securities of which certify the rights in relation to the issuer's shares of the appropriate category (type):

**JP Morgan Chase Bank Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom.**

Brief description of the program (program type) of the issue of securities of the foreign issuer, certifying the rights in relation to the shares of the appropriate category (type):

***In October 1997 the Program of American Depositary Receipts of Level I (Level I ADR Program) for the issuer's ordinary shares was registered. One ADR corresponds to 2 shares. The ADRs are circulated at the USA OTC market, and also at Frankfurt stock exchange (FSE) and Berlin stock exchange (BerSE), Xetra, and Stuttgart stock exchange (SSE).***

The data on obtaining the permission of Federal Commission to allow the issuer's shares of the appropriate category (type) for circulation outside Russian Federation:

***In accordance with item 2 of Regulation of Russia's FCSM № 3 of March 13, 2001 the requirement of obtaining Russia's FCSM permission to allow the circulation of issuing securities of Russian issuers outside Russian Federation in the form of ADRs is not applicable for securities circulating outside RF in the specified form on the effective date of the Regulation, correspondingly the issuer did not apply earlier for the appropriate permission of Russia's FCSM.***

***Currently, in accordance with order № 04 – 1232 / n3 – u of Russia's Federal Service for***

*Financial Markets of December 15, 2004 the permission is obtained for the admittance for circulation of the issuer's ordinary registered paperless shares outside Russian Federation borders in the quantity of 65 673 880 pieces.*

The name of a foreign trade organizer (trade organizers) via which the securities of the foreign issuer are circulating, which certifies the rights in relation to the issuer's shares:

*The Company's ADR are traded at stock exchanges of the following trade organizers: Frankfurt stock exchange (FSE), Berlin stock exchange (BerSE), Xetra, Stuttgart stock exchange (SSE).*

Other data on the circulation of the issuer's shares outside Russian Federation are provided by the issuer's sole discretion:

*JPMorgan Chase Bank is the Depositary Bank since April 2002.*

*Additional information on the issuer's Program of American Depositary Receipts is posted at: <http://www.adr.com> (the ticker of the Company's ADR - VLGAY).*

### 8.1.2. Data on the changes in the size of the issuer's Charter (reserve) capital (share fund).

Data on the change in the size of the issuer's charter capital for 5 last accomplished fiscal years, preceding the end date of the reporting quarter:

Size of the issuer's charter capital, rubles	The structure of the issuer's charter capital	Name of the issuer's management body that passed resolution on the change of the charter capital size	Date of drawing up and the number the minutes of the meeting (session) of the management body, when the resolution on the change of the charter capital size was passed.	The size of the issuer's charter capital after the change, rubles.
<b>As of 01.01.2000:</b>				
<b>583 387 500</b>	Ordinary shares: 87 508 200 pieces. (75% of the charter capital) Preferred shares: 29 169 300 pieces. (25% of the charter capital)	—	—	The size of the issuer's charter capital was not changed, rubles
<b>As of 01.01.2001:</b>				
<b>583 387 500</b>	Ordinary shares: 87 508 200 pieces. (75% of the charter capital) Preferred shares: 29 169 300 pieces. (25% of the charter capital)	—	—	The size of the issuer's charter capital was not changed, rubles
<b>As of 01.01.2002:</b>				
<b>583 387 500</b>	Ordinary shares: 87 508 200 pieces. (75% of the charter capital) Preferred shares: 29 169 300 pieces. (25% of the charter capital)	—	—	The size of the issuer's charter capital was not changed, rubles*
<b>As of 01.01.2003:</b>				

583 387 500	Ordinary shares: 87 508 200 pieces. (75% of the charter capital) Preferred shares: 29 169 300 pieces. (25% of the charter capital)	General meeting of shareholders	March 27, 2003 Minutes № 2	1 639 764 970 rubles **
<b>As of 01.01.2004:</b>				
1 639 764 970	Ordinary shares: 245 969 590 pieces. (75% of the charter capital) Preferred shares: 81 983 404 pieces. (25 % of the charter capital)	—	—	The size of the issuer's charter capital was not changed, rubles

\* On 25.10.2002 Russian FCSM registered resolutions on the issues of the Company's ordinary and preferred shares, placed by means of converting the shares of joint-stock companies to be affiliated to the Company into the Company's shares.

\* On 24.01.2003 Russian FCSM registered reports on the results of issues of the Company's ordinary and preferred shares, placed by means of converting the shares of joint-stock companies to be affiliated to the Company into the Company's shares.

The data on the change of the size of the issuer's charter capital in the reporting quarter:

***In the reporting quarter the size of the charter capital has not been changed***

### 8.1.3. Data on forming and usage of reserve fund and also of other funds of the issuer

The fund's name: *reserve*

The size of the fund established by constitutive documents:

***In accordance with the Charter the deductions to reserve fund are 5% of the Charter capital.***

The size of the fund in money terms:

***As of 30.09.2005 the size of the reserve fund is 81 988 thousand rubles.***

The amount of deductions to the fund during the relevant reporting period:

***During the reporting period there were no deductions to the reserve fund.***

The amount of the fund's resources used during the relevant reporting period:

***During the report period the fund's resources were not used.***

### 8.1.4. Data on the procedure of convening and holding a meeting (session) of the issuer's supreme management body

***General meeting of shareholders is the supreme management body of the Company.***

The procedure of notification on the participants on holding the meeting of the issuer's supreme management body:

***“Notification on holding general meeting of shareholders should be made public at least 30 days prior to the date of its holding.***

***In case, if the proposed agenda for extraordinary general meeting of shareholders contains the issue of electing the Company's Board of directors, the notification on the extraordinary general meeting of shareholders holding should be made public at least 50 days prior to its holding.***

***In case, if the extraordinary General meeting of stockholders is called on demand of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) who are the owners of at least 10 percent of the Company's voting shares, then the communication on holding the extraordinary General meeting of stockholders should be made public not later than 20 days prior to the date of its holding.***

***At the specified dates the notice on holding the General meeting of stockholders should be sent to each person indicated in the list of persons entitled to participate in the shareholders general meeting, by a registered letter or delivered to each of the specified persons with receipt acknowledgement, or published in the newspaper “Rossiiskaya gazeta”.***

Persons (bodies) who have the right to convene (require convocation) of extraordinary meeting of the issuer's supreme management body, and also the procedure of sending (making) such request:

*Extraordinary general meeting of shareholders is held by the decision of the Board of directors basing on its own initiative; request of the Company's Auditing committee, the Company's auditor, and also the shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares as of the date of the request making. The convocation of extraordinary general meeting of shareholders at the request of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares is carried out by the Company's Board of directors.*

*At preparation of extraordinary shareholders general meeting, which agenda includes the issue of electing the Company's Board of directors, shareholders (shareholder), who are in aggregate the owners of at least 2 % of the Company's voting shares, have the right to nominate the candidates to the Company's Board of directors, the number of which cannot exceed the quantitative structure of the Board of directors, as established by the Charter. Such proposals should come to the Company not later than 30 days prior to the date of holding extraordinary shareholders general meeting.*

*The request for holding extraordinary general meeting of shareholders should contain the issues subject to introducing into the agenda of the meeting. The request for holding extraordinary general meeting of shareholders may contain formulations of resolutions for each of these issues, and also the motion on the form of holding shareholders general meeting.*

*In the case when the request for convening extraordinary general meeting of shareholders is made by a shareholder (shareholders), it should contain name (names) of the shareholder (shareholders), requesting to convene such meeting, and the indication of the number, category (type) of shares they possess.*

*The request for convening extraordinary general meeting of shareholders is signed by the entity (entities), demanding to convene extraordinary general meeting of shareholders.*

The procedure of defining the date of holding the meeting of the issuer's supreme management body:

*The Company is obliged to hold annually the general meeting of shareholders (annual general meeting of shareholders) not earlier than in four months and not later than in six months after the fiscal year end. Shareholders general meetings held in addition to the annual general meeting are extraordinary.*

*Shareholders general meeting has no right to consider and pass resolutions on the issues which are not referred to its competence.*

*The date of holding of shareholders general meeting in accordance with the Company's charter is defined by the Board of Directors.*

*Extraordinary general meeting of shareholders, convened at the request of the Company's Auditing committee, of the Company's auditor or of shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares should be held within 40 days since the date of presentation of request the on holding extraordinary general meeting of shareholders.*

*Extraordinary general meeting of shareholders, convened at the request of the Company's Auditing committee, the Company's auditor or the shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares; the agenda of this meeting containing the issue of electing the Company's Board of directors, should be held within 70 days since the date of presentation of the request about holding extraordinary general meeting of shareholders.*

*In case, when the number of the members of the Company's Board of directors becomes less than the quorum for holding the sessions of the Company's Board of directors, the extraordinary general meeting of shareholders convened by the decision of the Company's Board of directors basing on its own initiative for the solution of the issue on electing the Company's Board of*



*directors, should be held within 70 days since the date of adopting the resolution on its holding by the Company's Board of directors.*

Persons entitled to introduce motions into the agenda of the meeting of the issuer's supreme management body, and also the procedure of introducing such motions:

*Shareholders (shareholder), who are in aggregate the owners of at least 2 % of the Company's voting shares, have the right to introduce issues into the agenda of the annual general meeting of shareholders and nominate the candidates to the Company's bodies of management and control, elected by the shareholders general meeting, and also to nominate the candidates to the Company's Board of directors, the Company's Auditing committee, the number of which cannot exceed the quantitative structure of the appropriate body as established by the Charter. Such proposals should come to the Company in the written form with indication of the name of shareholders (shareholder) who made the proposal, number and category (type) of shares they possess and should be signed by the shareholders (shareholder) not later than in 60 days after the fiscal year end.*

The persons entitled to familiarize with information (materials) provided for preparation and holding of the meeting of the issuer's supreme management body, and also the procedure of familiarization with such information (materials):

*The persons having the right to participate in general meeting of shareholders, as per the procedure and to the address (addresses) indicated in the notification on holding of general meeting of shareholders, are provided with the following information (materials):*

*Annual accounting statement, including the auditor's report, the Company's Auditing committee report based on the results of the annual accounting statement check;*

*Data on the candidates to the Company's Board of directors, to the Company's Auditing committee;*

*The draft of modifications and amendments introduced to the Company's Charter, or the draft of the Company's Charter in a new wording;*

*The drafts of the Company's internal documents, the drafts of other documents, the adoption of which is stipulated by the drafts of resolutions of shareholders general meeting, the drafts of resolutions of shareholders' general meeting;*

*Other information (materials) required for provision in accordance with current legislation, and also other information (materials) for passing the resolutions on the issues of the agenda of shareholders' general meeting, included by the Board of directors into the list of information (materials) provided to the shareholders during the preparation for holding shareholders' general meeting.*

#### **8.1.5. Data on commercial organizations in which the issuer possesses at least 5% of the Charter (reserve) capital (share fund) or at least 5% of the common stock**

The list of commercial organizations, in which the issuer possesses at least 5 % of the charter (reserve) capital (share fund) or at least 5 % of ordinary stock as of the end date of the last reporting quarter:

*1. Full (abbreviated) name, location: Closed Joint Stock Company "Nizhny Novgorod Cellular Communication" (CJSC "NCC") Nizhny Novgorod city, Gorky sq., Dom Svyazi*

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **100 %**  
The stake of common stock of the commercial organization belonging to the issuer: **100 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

2. Full (abbreviated) name, location: ***Closed Joint Stock Company "RTCOM" (CJSC "RTCOM"), Saransk town, Kommunisticheskaya str., 54***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **100 %**  
The stake of common stock of the commercial organization belonging to the issuer: **100 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

3. Full (abbreviated) name, location: ***Closed Joint Stock Company "TeleSvyazInform" (CJSC "TSI"), Saransk town, Bolshevistskaya str., 13***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **100 %**  
The stake of common stock of the commercial organization belonging to the issuer: **100 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

4. Full (abbreviated) name, location: ***Closed Joint Stock Company "Digital telecommunications" (CJSC "Digital telecommunications"), Cheboksary town, Shumilov str., 20***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **100 %**  
The stake of common stock of the commercial organization belonging to the issuer: **100 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**0,000558%**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

5. Full (abbreviated) name, location: ***Limited liability company "NIZHEGORODSKIY TELESERVICE" (LLC "NIZHEGORODSKIY TELESERVICE"), Nizhny Novgorod city, Gorky sq., Dom Svyazi***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **100 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

6. Full (abbreviated) name, location: ***Limited liability Company "Vyatka Page" (LLC "Vyatka Page"), Kirov city, Drelevsky str., 43/1***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **91 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

7. Full (abbreviated) name, location: ***Closed Joint Stock Company "Transsvyaz" (CJSC "Transsviyaz"), Nizhny Novgorod city, Chaadaev str., 2***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **80 %**  
The stake of common stock of the commercial organization belonging to the issuer: **80 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:  
**none**  
The stake of the issuer's common stock belonging to the commercial organization: **none**

8. Full (abbreviated) name, location: **Open Joint Stock Company “Informational commercial networks “Omrix” (OJSC ICN “Omrix”), RF, Orenburg city, Tereshkova str., 10**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **73,6 %**  
The stake of common stock of the commercial organization belonging to the issuer: **73,6 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
9. Full (abbreviated) name, location: **Closed Joint Stock Company “Orenburg-GSM” (CJSC “Orenburg-GSM”), Orenburg city, Volodarsky str., 11**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **51 %**  
The stake of common stock of the commercial organization belonging to the issuer: **51 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
10. Full (abbreviated) name, location: **Closed Joint Stock Company “Ulyanovsk-GSM” (CJSC “Ulyanovsk-GSM”), Ulyanovsk city, L.Tolstoy str., 60**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **60%**  
The stake of common stock of the commercial organization belonging to the issuer: **60 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
11. Full (abbreviated) name, location: **Limited Liability Company “Izhcom” (LLC “Izhcom”), Izhensk city, Pushkinskaya str., 278**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100%**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
12. Full (abbreviated) name, location: **Open Joint Stock Company “TATINCOM-T” (OJSC “TATINCOM-T”), RF, the Republic of Tatarstan, Kazan city, Lomzhinskaya str., 20A**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50% + 1 share**  
The stake of common stock of the commercial organization belonging to the issuer: **50% + 1 share**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
13. Full (abbreviated) name, location: **Closed Joint Stock Company “Public telephone Saratov” (CJSC “PTS”), Saratov city, Kiselev str., 40**  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50% + 1 preferred share**  
The stake of common stock of the commercial organization belonging to the issuer: **50%**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**

14. Full (abbreviated) name, location: **Closed Joint Stock Company “Nizhny Novgorod radio telephone” (CJSC “Nizhny Novgorod radio telephone”)**, Nizhny Novgorod, Gorky sq., Dom Svyazi

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50%**

The stake of common stock of the commercial organization belonging to the issuer: **50%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

15. Full (abbreviated) name, location: **Closed Joint Stock Company “Saratov-Mobile” (CJSC “Saratov -Mobile”)**, Saratov city, Kiselev str., 40

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50%**

The stake of common stock of the commercial organization belonging to the issuer: **50%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

16. Full (abbreviated) name, location: **Closed Joint Stock Company “Chery Page” (CJSC “Chery Page”)**, Cheboksary town, K.Ivanov str., 83

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50%**

The stake of common stock of the commercial organization belonging to the issuer: **50%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

17. Full (abbreviated) name, location: **Closed Joint Stock Company Commercial Bank “C-Bank” (JSCB “C-Bank”)**, Izhevsk city, Lenin str., 6

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **41,73%**

The stake of common stock of the commercial organization belonging to the issuer: **41,73%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **0,001439 %**

The stake of the issuer’s common stock belonging to the commercial organization: **0,001919%**

18. Full (abbreviated) name, location: **Closed Joint Stock Company “Nizhegorodteleservice” (CJSC “Nizhegorodteleservice”)**, Nizhny Novgorod city, Gorky sq., Dom Svyazi

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **40 %**

The stake of common stock of the commercial organization belonging to the issuer: **40 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

19. Full (abbreviated) name, location: **Closed Joint Stock Company “Penza Mobile” (CJSC “Penza Mobile”)**, Penza city, Kuprin str., 1/3

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **40 %**

The stake of common stock of the commercial organization belonging to the issuer: **40 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

20. Full (abbreviated) name, location: **Closed Joint Stock Company “Chuvashiya Mobile” (CJSC “Chuvashiya Mobile”), Cheboksary town, K.Ivanov str., 83**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **30 %**

The stake of common stock of the commercial organization belonging to the issuer: **30 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

21. Full (abbreviated) name, location: **Closed Joint Stock Company “Samara-Telecom” (CJSC “Samara-Telecom”), Samara city, Polevaya str., 43**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **27,8 %**

The stake of common stock of the commercial organization belonging to the issuer: **27,8 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

22. Full (abbreviated) name, location: **Open Joint Stock Company “Information technologies of communication” (OJSC “Svyazintek”) Moscow, Pluyshchikha str., 55, bld. 2**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **13 %**

The stake of common stock of the commercial organization belonging to the issuer: **13 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

23. Full (abbreviated) name, location: **Closed Joint Stock Company “Erickson svyaz” (CJSC “Erickson svyaz”), Nizhny Novgorod city, Gagarin av., 37**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **24 %**

The stake of common stock of the commercial organization belonging to the issuer: **24 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

24. Full (abbreviated) name, location: **Limited Liability Company “Agrocompany “Reanta” (LLC “Agrocompany “Reanta”), Yoshkar-Ola town, Chavaina blvd., 11a**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **20,86 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

25. Full (abbreviated) name, location: **Limited Liability Company Commercial-production company “NN-Rossvyazinform” (LLC CPC “Rossvyazinform”), Nizhny Novgorod city, Gorky sq., Dom Svyazi**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **20 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

26. Full (abbreviated) name, location: **Limited Liability Company “Raduga-Poisk” (LLC “Raduga-Poisk”), Nizhny Novgorod city, Kovalikhinskaya str., 2a**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **18,2 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer:

**none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

27. Full (abbreviated) name, location: **Closed Joint Stock Company "Reg-Time" (CJSC "Reg-Time"), Samara city, Krasnodonskaya str., 68**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **17 %**

The stake of common stock of the commercial organization belonging to the issuer: **17 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

28. Full (abbreviated) name, location: **Closed Joint Stock Company "Rostelegraph" (CJSC "Rostelegraph"), Moscow, Tverskaya str., 7**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **15,69 %**

The stake of common stock of the commercial organization belonging to the issuer: **15,69 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

29. Full (abbreviated) name, location: **Limited Liability Company "Processing center "Union Card" Nizhny Novgorod (LLC "PC "Union Card"), Nizhny Novgorod city, Varvarkaya str., 32.**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **15 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

30. Full (abbreviated) name, location: **Closed Joint Stock Company "Center of Authorial Medical Technologies and Innovations" (CJSC "CAMTI"), RF, the Republic of Mordoviya, Saransk town, 60 years of October av., 6**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **14 %**

The stake of common stock of the commercial organization belonging to the issuer: **14 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

31. Full (abbreviated) name, location: **Closed Joint Stock Company Science-Engineering center "Comset" (CJSC SEC "Comset"), Moscow, Zelenyi pereulok, 7**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **11,09 %**

The stake of common stock of the commercial organization belonging to the issuer: **11,09 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

32. Full (abbreviated) name, location: **Closed Joint Stock Company "Agency for protection of competition and consumer rights" (CJSC "ECAD"), Pavlovo town of Nizhny Novgorod oblast, Suvorov str., 1**

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: **10,4 %**

The stake of common stock of the commercial organization belonging to the issuer: **10,4 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer's common stock belonging to the commercial organization: **none**

33. Full (abbreviated) name, location: ***Closed Joint Stock Company “TeleRoss-Samara” (CJSC “TeleRoss-Samara”), Samara, Polevaya str., 43***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **10 %**

The stake of common stock of the commercial organization belonging to the issuer: **10 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

34. Full (abbreviated) name, location: ***Limited liability Company “Samara payphone” (LLC “Samara payphone”), Samara, Penzenskaya str., 68***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **10 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

35. Full (abbreviated) name, location: ***Closed Joint Stock Company “Startcom” (CJSC “Startcom”), Moscow-49, GSP-1, 2-nd Spasonalivkovskiy pereulok, 1***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **7,4 %**

The stake of common stock of the commercial organization belonging to the issuer: **7,4 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

36. Full (abbreviated) name, location: ***Closed Joint Stock Company “RusLeasingSvyaz” (CJSC “RusLeasingSvyaz”), Moscow, B-49, 2-nd Spasonalivkovskiy pereulok, 6***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **7,35 %**

The stake of common stock of the commercial organization belonging to the issuer: **7,35 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

37. Full (abbreviated) name, location: ***Limited Liability Company “PAKT” (LLC “PAKT”), Penza city, Stroiteley avenue, 130-248***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **6,25%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

38. Full (abbreviated) name, location: ***Closed Joint Stock Company “Orenburg Card-Center” (CJSC “Orencard”), Orenburg city, Chkalov str., 32a***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **5 %**

The stake of common stock of the commercial organization belonging to the issuer: **5 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

### 8.1.6. Data on revenue-intensive transactions made by the issuer

Data on revenue-intensive transaction (groups of interrelated transactions), the value of liabilities under which is 10 and more percent of the balance-sheet value of the issuer's assets as per the data of its accounting statement as of the last reporting quarter preceding the date when the transaction was made: *in the reporting quarter the issuer did not make such transactions*

### 8.1.7. Data on the issuer's credit ratings

The object of credit rating appropriation: *the issuer*

The value of credit rating as of the date of the reporting quarter end:

Long-term corporate foreign currency credit rating: "B+";

Outlook "Stable"

Long-term corporate domestic currency credit rating: "B+";

Outlook "Stable"

by Russian scale "ruA +".

**The background of credit rating value change for the last 5 accomplished fiscal years preceding the date of the reporting quarter end:**

1) On the international scale:

Long-term corporate foreign currency credit rating: "B-";

Outlook "Stable"

Date: 12.03.2002

Long-term corporate domestic currency credit rating: "B-";

Outlook "Stable"

Date: 12.03.2002

2) On the international scale:

Long-term corporate foreign currency credit rating: "B";

Outlook "Stable"

Date: 12.02.2003

Long-term corporate domestic currency credit rating: "B";

Outlook "Stable"

Date: 12.02.2003

On the Russian scale:

Long-term credit rating: "ruA-";

Date: 13.03.2003

3) On the international scale:

Long-term corporate foreign currency credit rating: "B+";

Outlook "Stable"

Date: 15.04.2005

Long-term corporate domestic currency credit rating: "B+";

Outlook "Stable".

Date: 15.04.2005

On the Russian scale:

Long-term credit rating: "ruA+";

Date: 15.04.2005



Full brand and abbreviated name, location of organization having given the credit rating:

**Standard & Poor's - 55**

**Water Street,**

**New York, NY,**

**United States**

**Representation office of "Standard & Poor's International Services, Inc." corporation:**

**125009, Moscow, Vozdvizhenka str., 4/7, bld. 2, business-center "Mokhovaya", 7-th floor**

Brief description of the method of credit rating giving:

The following areas are being analyzed: business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, indicators of cash flows, financial flexibility).

The address of the web site in the Internet where free access is provided to the information about the method of credit rating giving:

<http://www.standardandpoors.ru/page.php?path=process>.

Other data on credit rating: *none*

The object of credit rating appropriation: ***the issuer's securities (bonds)***

Credit rating value as of the date of the reporting quarter end:

On the Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount 1 billion rubles with maturity term in February 2006 (of BT-1 series): "ruA+."***

**The background of credit rating value change for the last 5 accomplished fiscal years, preceding the date of the reporting quarter end:**

The object of credit rating appropriation: ***the issuer's securities (bonds)***

Credit rating value, the date of giving (changing) credit rating value:

On the Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount 1 billion rubles with maturity term in February 2006 (of BT-1 series): "ruA-."***

Date: ***13.03.2003***

On the Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount 1 billion rubles with maturity term in February 2006 (of BT-1 series): "ruA+."***

Date: ***15.04.2005***

Full brand and abbreviated name, location of organization having given the credit rating:

**Standard & Poor's - 55**

**Water Street,**

**New York, NY,**

**United States**

**Representation office of "Standard & Poor's International Services, Inc." corporation:**

**125009, Moscow, Vozdvizhenka str., 4/7, bld. 2, business-center "Mokhovaya", 7-th floor**

Brief description of the method of credit rating giving:

***The following areas are being analyzed: business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, indicators of cash flows, financial flexibility).***

The address of the web site in the Internet where the information is published about the method of credit rating giving: <http://www.standardandpoors.ru/page.php?path=process>.

Kind, series, form and other identification features of securities:

Kind: *bonds*

Series: *BT – 1*

Form: *paper bearer*

Type: *interest - bearing*

State registration number of securities issue: *№ 4-43- 00137-A*

State registration date: *24.01.2003*

Other data on credit rating: *none*

Estimation method - *STANDARD & POOR'S proprietary method:*

*“Standard & Poor’s” gives rating only if adequate information is available, on the basis of transparent method, which takes into account quantitative and qualitative parameters, financial risks and business- risks.*

*The method of Standard & Poor’s ratings appropriation differs depending on issuer’s categories and rating type. Thus, in the case of companies the business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, indicators of money flows, financial flexibility) are analyzed.*

*After making decision on obtaining rating, the agreement is signed, in which basic parameters of relations between Standard & Poor’s and the issuer are established with precise formulation of liabilities of both the parties. Upon the receipt of request for rating appropriation the analytical group is formed which consists of analysts, having knowledge in appropriate fields. The group contains at least one analyst having experience in CIS countries. Leading analyst, who guides the process, is appointed, and he/she is the main contact person for the issuer. Before the official meeting the group analyses the information, presented by the issuer at the request, and the information from other sources, which Standard & Poor’s considers to be reliable: financial statement for previous periods, forecasts for financial indicators and cash flows, documentation on transactions, legal opinions and other data. At that, there are significant differences related to the issuer’s type. Thus, for corporations these are financial statements, annual reports, and data on the structure of the industry. Then the other group of analysts holds a meeting with management in order to discuss basic factors, influencing the rating, including production and financial plans and management strategy. This meeting allows issuers to touch upon the issues which are of principle for the resolution on rating appropriation. Analysts in their turn may clarify a number of problem situations, which have arisen after their familiarization with the presented information. By the results of discussion additional information inquiry may be formulated.*

*Then the leading analyst makes analysis report, presented to the rating committee. The rating committee includes senior analysts of Standard & Poor's. After the discussion of all factors influencing the rating, the resolution is passed on the rating value. After the resolution is passed by the rating committee, chief analyst informs the issuer on the rating appropriated to it, and also on the foundation of the specified resolution. In case of the issuer’s approval Standard & Poor's discloses it by means of its own data base RatingsDirect, by means of international and local press agencies and mass media. In respect of each rating a press-release, brief and complete foundation of the rating are published at sites of Standard & Poor’s.*

*Change of the rating*

*In cases when rating change is necessary, preliminary analysis is carried out, which may result in the registration of the specified rating in CreditWatch list. (Registration in CreditWatch list means that the rating may be changed in the nearest future. This is warning for investors that additional analysis is being made).*

*The next stage is the full- scale analysis, which includes, if necessary, a meeting with management and proposing the issue for discussion by the rating committee. The rating committee considers the issue, passes the resolution and informs the issuer on it.*

#### *Rating monitoring*

*After rating appropriation Standard & Poor's analysts permanently control all the factors which may influence it, such as changes in the capital structure, takeover of other companies or other significant economic events. Significant events, related to the issuer's activity, are daily tracked. Obligatory requirement of Standard & Poor's- holding annual meetings with management (if required these meeting are held more frequently). Based upon information received from the issuer or other free sources, the rating may be increased or decreased as often, as the issuer's credibility is changed. In the case when there are no significant events, the rating reconsideration (its confirmation or change) is carried out once a year. Individual rating is given to all issuer's debt obligations, issued after rating appropriation and placed at public markets. Standard & Poor's contemplates that the management will notify analysts of significant financial and production changes, which may affect the rating. Nevertheless Standard & Poor's reserves the right to change the rating at any time during usual monitoring period.*

#### *Stages of rating appropriation*

- application for rating.*
- appointment of the group of analysts.*
- information accumulation.*
- meeting with management.*
- rating committee.*
- informing the issue about the rating given.*
- distribution of information on the rating (at the client's consent).*
- Rating monitoring.*

*The issuer's credit rating on the international scale of Standard & Poor's expresses current opinion on the general credibility of the debt obligations issuer, guarantor or security, business partner, of its ability and intention to fulfill timely and in full its debt obligations.*

*The credit rating of debt obligations on the international scale of Standard & Poor's expresses current opinion on credit risk with respect to concrete debt obligations (bonds, bank credits, loans, other financial instruments)*

*Financial stability rating on the international scale expresses Standard & Poor's opinion on the ability of insurance company to pay according to its policy and contracts terms and conditions.*

#### *Values of credit ratings on the international scale of Standard & Poor's*

*Long- term rating of Standard & Poor's assesses the issuer's ability to timely fulfill its debt obligations. Long-term ratings vary from the highest category- "AAA" to the lowest- "D". Ratings between "AA" and "CCC" may be supplied with sign "plus" (+) ore "minus" (-), which mean intermediary categories of the rating as compared to the basis ones.*

*Short – term rating is the assessment of probability of timely repayment of the obligations, which are considered to be short-term at the appropriate markets. Short-term ratings also have the range- from "A-1" for gilt edged obligations to "D" for off-quality obligations. Ratings inside of category "A-1" may contain sign "plus" (+) for the purpose of highlighting more reliable obligations of the specified category.*

*Besides long-term ratings Standard & Poor's has special definitions of ratings of preferred shares, money market fund, share bond funds, solvency of insurance companies and companies working with derivative instruments.*

*AAA — extremely strong capacity to fulfill its debt obligations timely and in full, the highest rating.*

*AA — strong capacity to fulfill timely and in full its debt obligations.*

*A — reasonably strong capacity to fulfill timely and in full its debt obligations, though significant sensitivity with respect to the influence of unfavorable changes in commercial, financial and economical conditions.*

**BBB** — adequate capacity to fulfill timely and in full its debt obligations, but higher vulnerability with respect to the influence of unfavorable changes in commercial, financial and economical conditions

**BB** — out of danger in the short-term outlook, but higher vulnerability with respect to the influence of unfavorable changes in commercial, financial and economical conditions.

**B** — higher vulnerability at unfavorable commercial, financial and economical conditions, though at present there is the opportunity of meeting debt obligations timely and in full.

**CCC** — at this date non- fulfillment by the issuer of its debt obligations is potentially possible; timely performance of obligations depends to a large extent on favorable commercial, financial and economic conditions.

**CC** — at present the probability of non- fulfillment by the issuer of its debt obligations is high.

**C** — there are bankruptcy proceedings initiated in respect of the issuer, or a similar action is taken, but payments or other obligations fulfillment are going on.

**SD** — selective default with respect to the specified debt obligation while timely and full payments with respect to other debt obligations are going on

**D** — default with respect to debt obligations

Ratings of categories “AAA”, “AA”, “A” and “BBB” — are investment –grade ratings.

Ratings of categories “BB”, “B”, “CCC”, “CC” and “C” — are the ratings having significant speculative features.

**Outlooks**

Rating outlook shows possible trend of rating change in the nearest two-three years.

1 “Positive” — the rating may be increased.

2 “Negative” — the rating may be decreased.

3 “Stable” — the change is unlikely.

4 “Developing” — the increase or the decrease of the rating is possible.

The address of the web site in the Internet where free access is provided to the information about the method of credit rating giving: <http://www.standardandpoors.ru/page.php?path=issuer&id=78>

Other data on the credit rating: **none**

## 8.2. Data on each category (type) of the issuer’s shares

Category of shares: **ordinary**

Face value of each share: **5 rubles**

The number of shares in circulation (the number of shares which are not paid off or cancelled): **245 969 590**

The number of additional shares being in the process of placement (the number of shares of additional issue in regard of which the state registration of the report on the results of their issue is not carried out): **none**

The number of declared shares: **1 299 093**

The number of shares being on the issuer’s balance: **none**

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of obligations execution under the issuer’s options: **none**

State registration number: **№ 1 – 01 – 00137 - A**

State registration date: **14.11.2003**

The rights granted by shares to their owners:

*Extract from the Charter:*

*“7.1. Each ordinary share of the Company gives the shareholder - to its owner identical measure of rights.*

*7.2. Each shareholder - the owner of ordinary shares of the Company has the right:*

*7.2.1. To participate in the general meeting of shareholders of the Company in the due procedure, stipulated by the existing legislation of Russian Federation;*

*7.2.2. To receive dividends in the due procedure, stipulated by the existing legislation of Russian Federation and the present Charter, when they are declared by the Company;*

*7.2.3. To receive a part of property of the Company, remaining after its liquidation which part is proportional to number of shares in his possession;*

*7.2.4. To get access to the documents stipulated by item 1 of Article 89 of Federal law “On joint stock companies”, in the due procedure stipulated by Article 91 of the specified law;*

*7.2.5. To claim confirmation of the shareholder’s rights for the shares from the registrar of the Company by issuing an extract from the registry of shareholders of the Company;*

*7.2.6. To receive information on all records on his personal account from the Company’s registrar, and also other information stipulated by legal acts of Russian Federation, which establish the due procedure of conducting the registry of shareholders;*

*7.2.7. To alienate shares belonging to him without consent of other shareholders and of the Company;*

*7.2.8. To protect his violated civil rights in the court in cases, stipulated by the existing legislation of Russian Federation, including claiming indemnification for losses from the Company;*

*7.2.9. To claim the repayment of all shares belonging to the shareholder (or part of it) from the Company in cases and in the due procedure, stipulated by the existing legislation of Russian Federation;*

*7.2.10. To sell shares to the Company in case if the Company passed the resolution to acquire the shares;*

*7.2.11. To claim from the Company an extract from the list of the persons having right to participate in the General meeting of shareholders containing information on the shareholder;*

*7.2.12. Priority in purchasing additional shares placed by means of an open subscription and issued securities convertible in shares, in an amount proportional to the amount of shares held by them.*

*7.3. The shareholder owning more than 1 percent of voting shares of the Company, has the right to claim from the registrar of the Company the information on the name (names) of shareholders registered in the registry and the information on the amount, the category and the face value of shares held by them (the specified information is provided without indication of addresses of shareholders).*

*7.4. The shareholders (shareholder) owning in aggregate at least 1 percent of placed ordinary shares of the Company, have the right to apply to the court with a claim against a member of the Board of directors of the Company, an individual executive of the Company, a member of a joint executive agency of the Company, or against the management company or the manager about indemnification of losses, caused to the Company as a result of guilty actions (inactivity) of the specified persons.*

*7.5. During the general meeting of shareholders, the shareholders possessing at least 1 percent of votes have the right to claim the provision of the list of persons having the right to participate in the meeting from the Company. The information from the documents and the mailing address of the shareholders included in this list, are provided only with their consent.*

**7.6. The shareholders (shareholder) being in aggregate owners of at least 2 percent of voting shares of the Company, have the right to introduce issues into the agenda of the annual general meeting of shareholders and to propose candidates to management and controlling bodies of the Company elected by the general meeting of shareholders. During preparation of an extraordinary general meeting of shareholders with the agenda concerning election of the Board of directors of the Company, the specified shareholders (shareholder) have the right to propose candidates for election to the Board of directors of the Company.**

**7.7. The shareholders (shareholder) who own in aggregate at least 10 percent of voting shares of the Company, have the right to require convocation of an extraordinary general meeting of shareholders from the Board of directors of the Company. In case if during the term established by the current legislation of Russian Federation and the present Charter, the Board of directors of the Company does not pass the resolution on convocation of an extraordinary general meeting of shareholders or adopts a decision to refuse its convocation, the extraordinary meeting can be convoked by the specified shareholders (shareholder).**

**7.8. The shareholders (shareholder) who own in aggregate at least 10 percent of voting shares of the Company, have the right to claim an audit of financial and economic activity of the Company at any time.**

**7.9. The shareholders (shareholder) who hold in aggregate at least 25 percent of voting shares of the Company, have the right of access, and also have the right to receive the copies of accounting documents and of the minutes of sessions of the joint executive body of the Company.**

**7.10. Shareholders, owners of ordinary shares of the Company - have other rights, stipulated by the existing legislation of Russian Federation and by the present Charter”.**

Other data on shares provided by the issuer at its own discretion:

**5 717 pieces of ordinary shares – the quantity of paid off securities due to the issuer’s reorganization**

**Additional issues of the issuer’s ordinary registered paperless shares were consolidated on 14.11.2003. The date of state registration of the first issue of the consolidated ones – 30.09.1996 (№ 32 – 1 – 1375).**

Category of shares: **preferred A type**

Face value of each share: **5 rubles**

The number of shares in circulation (the number of shares which are not paid off or cancelled): **81 983 404**

The number of additional shares being in the process of placement (the number of shares of additional issue in regard of which the state registration of the report on the results of their issue is not carried out): **none**

The number of declared shares: **531 496**

The number of shares being on the issuer’s balance: **none**

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of obligations execution under the issuer’s options: **none**

State registration number: **№ 2 – 01 – 00137 - A**

State registration date: **14.11.2003**

The rights granted by the shares to their owners:

*In accordance with the Company's Charter:*

*“8.1. Each type A preferred share of the Company gives the shareholder - its owner - an identical measure of rights.*

*8.2. Owners of type A preferred shares have the right to receive the annual fixed dividend except for the cases stipulated by the present Charter. The total sum paid as dividend for each type A preferred share is established at the rate of 10 percent of the net profit of the Company according to the results of the last fiscal year, divided by the number of shares which make up 25 percent of the charter capital of the Company. Besides, if the sum of the dividends paid by the Company under each ordinary share in a certain year exceeds the sum to be paid as dividends under each type A preferred share, the size of the dividends paid under the latter, should be increased up to the size of dividends paid under the ordinary shares.*

*8.3. The owners of type A preferred shares have the right to participate in the general meeting of shareholders with the right of vote when solving the issues of reorganization and liquidation of the Company, and also to vote on introducing amendments and changes into the Company's Charter, in case if the mentioned changes limit the rights of the specified shareholders.*

*8.4. The owners of type A preferred shares have the right to participate in the general meeting of shareholders with the right of vote on all the issues of the agenda of the meeting in the case if the meeting of shareholders, irrespective of the reasons, has not passed the resolution on the payment of dividends or if it has passed the resolution on incomplete payment of dividends for type A preferred shares. The specified right of owners of type A preferred shares arises since the meeting following the annual meeting of shareholders at which the resolution on the payment of dividends was not passed, and stops since the date of the first payment of dividends for the specified shares in the full size.*

*8.5. Owners of type A preferred shares have the rights stipulated by item 7.2.3, item 7.2.4, item 7.2.5, item 7.2.6, item 7.2.7, item 7.2.8, item 7.2.10, item 7.2.11, item 7.2.12 of the present Charter for the owners of ordinary shares of the Company. These rights are granted to shareholders - the owners of type A preferred shares, including in a case when the given shares are not voting.*

*8.6. Owners of type A preferred shares have the rights stipulated by item 7.3, item 7.6, item 7.7, item 7.8, item 7.9 of the present Charter in the case if type A preferred shares have the right of vote on all the issues of the competence of the general meeting of shareholders of the Company*

*8.7. Owners of type A preferred shares have the right to claim from the Company the repayment of all shares held by the shareholder or of a part of them in the cases and in the due procedure, stipulated by the existing legislation of Russian Federation.*

*8.8. Owners of type A preferred shares, possessing at least 1 per cent of votes in the general meeting of shareholders, have the right to claim from the Company the provision of the list of the persons entitled to participate in the meeting. The documents data and the mail address of the shareholders included in this list are provided only with their consent.*

*8.9. Shareholders, the owners of type A preferred shares have other rights, stipulated by the existing legislation of Russian Federation and by the present Charter.*

Other data on shares provided by the issuer at its own discretion:

*9 000 pieces of preferred A type shares – the quantity of paid off securities due to the issuer's reorganization*

*Additional issues of the issuer's preferred registered paperless shares were consolidated on 14.11.2003. The date of state registration of the first issue of the consolidated ones – 30.09.1996 (№ 32 – 1 – 1375).*

### **8.3. Data on previous issues of the issuer's issuing securities, excluding the issuer's shares.**

#### **8.3.1. Data on the issues all the securities of which are paid off (cancelled).**

Issue № 1:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *1 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-01-00137-A*

State registration date of the issue: *25.10.2002*:

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body that carried out the securities issue state registration: *Russia's FCSM (Federal Commission for the Securities Market)*

The name of state registration body that carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *1 250 000 rubles*

Time period (date) of the issue securities pay off: *24.01.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

Issue № 2:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *2 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-02-00137-A*

State registration date of the issue: *25.10.2002*:

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *498 pieces*

The amount of securities issue at face value: *1 245 000 rubles*

Time period (date) of the issue securities pay off: *24.01.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*



Issue № 3:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *3 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-03-00137-A*

State registration date of the issue: *25.10.2002*:

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *498 pieces*

The amount of securities issue at face value: *1 250 000 rubles*

Time period (date) of the issue securities pay off: *24.01.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

Issue № 4

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *4 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue:

*№ 4-04-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The quantity of the issue securities: *236 pieces*

The amount of securities issue at face value: *590 000 rubles*

Time period (date) of the issue securities pay off: *24.01.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*The state registration of the issue of registered paperless bonds of 4 – O series with state registration number 4 - 04 - 00137 - A of 25.10.2002 is cancelled by order № 03 - 100/p of 24.01.2003 of Russia's FCSM.*

Issue № 5

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *5 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-05-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration: **Russia's FCSM**

The quantity of the issue securities: **500 pieces**

The amount of securities issue at face value: **1 250 000 rubles**

Time period (date) of the issue securities pay off: **13.12.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Russia's FCSM order № 03 - 100/p of 24.01.2003**

#### Issue № 6

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **6 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the securities issue:

**№ 4-06-00137-A**

State registration date of the securities issue: **25.10.2002**

The name of state registration body carried out the securities issue state registration: **Russia's FCSM**

The quantity of the issue securities: **500 pieces**

The amount of securities issue at face value: **1 250 000 rubles.**

Time period (date) of the issue securities pay off: **20.10.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Russia's FCSM order № 03 - 100/p of 24.01.2003**

#### Issue № 7

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **7 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the securities issue: **№ 4-07-00137-A**

State registration date of the securities issue: **25.10.2002**

The name of state registration body carried out the securities issue state registration: **Russia's FCSM**

The quantity of the issue securities: **120 pieces**

The amount of securities issue at face value: **300 000 rubles**

Time period (date) of the issue securities pay off: **27.11.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Russia's FCSM order № 03 - 100/p of 24.01.2003**

#### Issue № 8

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **8 – O**  
Type: **interest rate**  
Form: **registered paperless**  
State registration number of the securities issue: **№ 4-08-00137-A**  
State registration date of the securities issue: **25.10.2002**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The quantity of the issue securities: **11 pieces**  
The amount of securities issue at face value: **44 000 rubles**  
Time period (date) of the issue securities pay off: **24.01.2001 – 24.01.2003**  
Reason for the issue securities pay off (cancellation):  
**Russia's FCSM order № 03 - 100/p of 24.01.2003**

**Issue № 9:**

Kind, series (type), form and other identification features of securities:  
Kind: **bonds**  
Series: **9 – O**  
Type: **interest rate**  
Form: **registered paperless**  
State registration number of the issue: **№ 4-09-00137-A**  
State registration date of the issue: **25.10.2002**  
Date of the state registration of the report on the results of the issue: **24.01.2003**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**  
The quantity of the issue securities: **321 pieces**  
The amount of securities issue at face value: **802 500 rubles**  
Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**  
Reason for the issue securities pay off (cancellation):  
**Fulfillment of obligations on the securities.**

**Issue № 10:**

Kind, series (type), form and other identification features of securities:  
Kind: **bonds**  
Series: **10 – O**  
Type: **interest rate**  
Form: **registered paperless**  
State registration number of the issue: **№ 4-10-00137-A**  
State registration date of the issue: **25.10.2002**  
Date of the state registration of the report on the results of the issue: **24.01.2003**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**  
The quantity of the issue securities: **488 pieces**  
The amount of securities issue at face value: **1 220 000 rubles**

Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 11:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***11 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-11-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***280 pieces***

The amount of securities issue at face value: ***700 000 rubles***

Time period (date) of the issue securities pay off: ***06.11.2001 – 06.11.2003***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 12:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***12 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-12-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***334 pieces***

The amount of securities issue at face value: ***835 000 rubles***

Time period (date) of the issue securities pay off: ***06.11.2001 – 06.11.2003***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 13

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***13 – O***

Type: ***interest rate***

Form: **registered paperless**  
State registration number of the securities issue: **№ 4-13-00137-A**  
State registration date of the securities issue: **25.10.2002**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The quantity of the issue securities: **500 pieces**  
The amount of securities issue at face value: **1 250 000 rubles**  
Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**  
Reason for the issue securities pay off (cancellation):  
**Russia's FCSM order № 03 - 100/p of 24.01.2003**

**Issue № 14:**

Kind, series (type), form and other identification features of securities:  
Kind: **bonds**  
Series: **14 – O**  
Type: **interest rate**  
Form: **registered paperless**  
State registration number of the issue: **№ 4-14-00137-A**  
State registration date of the issue: **25.10.2002**  
Date of the state registration of the report on the results of the issue: **24.01.2003**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**  
The quantity of the issue securities: **500 pieces**  
The amount of securities issue at face value: **1 250 000 rubles**  
Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**  
Reason for the issue securities pay off (cancellation):  
**Fulfillment of obligations on the securities.**

**Issue № 15**

Kind, series (type), form and other identification features of securities:  
Kind: **bonds**  
Series: **15 – O**  
Type: **interest rate**  
Form: **registered paperless**  
State registration number of the securities issue: **№ 4-15-00137-A**  
State registration date of the securities issue: **25.10.2002**  
The name of state registration body carried out the securities issue state registration: **Russia's FCSM**  
The quantity of the issue securities: **500 pieces**  
The amount of securities issue at face value: **1 250 000 rubles**  
Time period (date) of the issue securities pay off: **04.09.2001 – 04.09.2003**  
Reason for the issue securities pay off (cancellation):  
**Russia's FCSM order № 03 - 100/p of 24.01.2003**

Issue № 16

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *16 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-16-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The quantity of the issue securities: *250 pieces*

The amount of securities issue at face value: *625 000 rubles*

Time period (date) of the issue securities pay off: *04.09.2001 – 04.09.2003*

Reason for the issue securities pay off (cancellation):

*Russia's FCSM order № 03 - 100/p of 24.01.2003*

Issue № 17:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *17 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-17-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *40 pieces*

The amount of securities issue at face value: *200 000 rubles*

Time period (date) of the issue securities pay off: *19.07.2001 – 19.07.2003*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

Issue № 18:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *18 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-18-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: **182 pieces**  
The amount of securities issue at face value: **1 092 000 rubles**  
Time period (date) of the issue securities pay off: **25.10.2002 – 15.04.2004**  
Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 19:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***19 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-19-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***70 pieces***

The amount of securities issue at face value: ***420 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 20:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***20 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-20-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***405 pieces***

The amount of securities issue at face value: ***2 430 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 21:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***21 – O***

Type: ***interest rate***

Form: *registered paperless*

State registration number of the issue: *№ 4-21-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *288 pieces*

Face value of each security of the issue: *6 000 rubles*

The amount of securities issue at face value: *1 728 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

Issue *№ 22:*

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *22 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-22-00137-A*

State registration date of the securities issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *417 pieces*

The amount of securities issue at face value: *2 502 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

Issue *№ 23*

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *23 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-23-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration: *Russia's FCSM*

The quantity of the issue securities: *116 pieces*

The amount of securities issue at face value: *696 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*



Reason for the issue securities pay off (cancellation):

***Russia's FCSM order № 03 - 100/p of 24.01.2003***

Issue № 24:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***24 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-24-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***500 pieces***

The amount of securities issue at face value: ***3 000 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 25:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***25 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-25-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration: ***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***180 pieces***

The amount of securities issue at face value: ***1 080 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 26

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***26 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the securities issue: *№ 4-26-00137-A*  
State registration date of the securities issue: *25.10.2002*  
The name of state registration body carried out the securities issue state registration: *Russia's FCSM*  
The quantity of the issue securities: *35 pieces*  
The amount of securities issue at face value: *315 000 rubles*  
Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*  
Reason for the issue securities pay off (cancellation):  
*Russia's FCSM order № 03 - 100/p of 24.01.2003*

### **8.3.2. Data on the issues, securities of which are in circulation**

Total quantity of the issuer's securities – *bonds*:  
*1 183 899 pieces*  
Total amount of the issuer's securities at face value – *of bonds*:  
*1 067 856 700 rubles*

Issue *№ 27*:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *I – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-27-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *143 890 pieces*

*The quantity of placed securities of the issue: 143 440*

*The quantity of circulating securities of the issue: 67 624*

Face value of each valuable paper of the issue: *100 rubles*

The amount of securities issue at face value: *14 344 000 rubles*

The rights assigned for each valuable paper of the issue:

*1) Of reception from the issuer of face value of the bond at its repayment in the procedure and during the time specified in the issue Prospectus;*

*2) Of reception from the issuer of the fixed accrued interest at the rate of 1 % annually of the bond face value at repayment in the procedure and during the time specified in the issue Prospectus;*

*3) Of reception, at availability of a technical opportunity, of an extraordinary access to a telephone network. A condition of extraordinary installation is the purchase of 15 bonds. The owner of bonds pays his access to a telephone network under the tariffs valid at the moment of granting the specified service. Granting an extraordinary access to a telephone network is the execution of the given obligation certified with the bond. The procedure of definition of availability of a technical opportunity of granting access to a telephone network, and also the procedure of accounting of bonds for which the obligation of the issuer to grant an extraordinary access to a telephone network is executed;*

**4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income on the bond in cash or by transfer to a bank on the basis of an application of the owner within 30 days from the date of the application submission. Periodicity of settlements with the owner of the bond: lumpsum. The form of payment: cash, non-cash.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 1 % annually of the face value of the bond.**

**Issue № 28:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **2 – C**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-28-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **6 233 pieces**

*The quantity of placed securities of the issue: 6 218*

*The quantity of circulating securities of the issue: 6 218*

Face value of each valuable paper of the issue: **3 000 rubles**

The amount of securities issue at face value: **18 654 000 rubles**

The rights assigned for each valuable paper of the issue:

**1) Of reception from the issuer of face value of the bond at its repayment in the procedure and during the time specified below in the issue Prospectus;**

**2) Of reception from the issuer of the fixed accrued interest at the rate of 7 % annually of the bond face value at repayment for the entire circulation period in the procedure and during the time specified below in the issue Prospectus;**

**3) Of getting, at availability of a technical opportunity for telephone installation, of one extraordinary access to a telephone network;**

**4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:**

**- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;**

**- In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;**

**- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;**

**- In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are**

repaid;

- *In the fifth stage, settlements with other creditors are made according to the law which concerns owners of bonds.*

*Other rights stipulated by the legislation of Russian Federation are not applicable.*

The procedure, terms and conditions of the issue securities repayment:

*From the moment of claiming the repayment presented by the issuer to the owner of the bond during the period from 30.12.2009 to 30.12.2010 by submission of a verbal or written application in any form.*

*The issuer makes repayment of bonds within three months, by payment of face value and of fixed accrued interest at a rate of 7 % of face value of the bond for the entire circulation time.*

*Periodicity of settlements with the owner of bonds: lumpsum.*

*The form of payment: cash, non-cash.*

*Payments are made with:*

- *Available funds from cash department of the enterprise to the address from which the application has been directed;*

- *A bank transfer to the settlement account in bank (banking details should be specified in the application of the owner of the bond).*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 7 % annually of the face value of the bond.*

#### Issue № 29:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *3 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-29-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *3 231 pieces*

*The quantity of placed securities of the issue: 3 229*

*The quantity of circulating securities of the issue: 3 229*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *6 458 000 rubles*

The rights assigned for each valuable paper of the issue:

*1) Of reception from the issuer of face value of the bond at its repayment in the procedure and during the time specified below in the issue Prospectus;*

*2) Of reception from the issuer of the fixed accrued interest at the rate of 7 % annually of the bond face value at repayment for the entire circulation period in the procedure and during the time specified below in the issue Prospectus;*

*3) Of getting, at availability of a technical opportunity for telephone installation, of one extraordinary access to a telephone network;*

4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:

- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;
- In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;
- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;
- In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;
- In the fifth stage, settlements with other creditors are made according to the law which concerns owners of bonds.

*Other rights stipulated by the legislation of Russian Federation are not applicable.*

The procedure, terms and conditions of the issue securities repayment:

*From the moment of claiming the repayment presented by the issuer to the owner of the bond during the period from 30.12.2009 to 30.12.2010 by submission of a verbal or written application in any form.*

*The issuer makes repayment of bonds within three months, by payment of face value and of fixed accrued interest at a rate of 7 % of face value of the bond for the entire circulation time.*

*Periodicity of settlements with the owner of bonds: lumpsum.*

*The form of payment: cash, non-cash.*

*Payments are made with:*

- Available funds from cash department of the enterprise to the address from which the application has been directed;
- A bank transfer to the settlement account in bank (banking details should be specified in the application of the owner of the bond).

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 7 % annually of the face value of the bond.*

#### Issue № 30:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *4 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-30-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *5 995 pieces*

*The quantity of placed securities of the issue: 5 967*

*The quantity of circulating securities of the issue: 5 967*

*Face value of each valuable paper of the issue: 2 500 rubles*

*The amount of securities issue at face value: 14 917 500 rubles*

*The rights assigned for each valuable paper of the issue:*

- 1) To receive from the issuer the face value of the bond at its repayment;*
- 2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;*
- 3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:
  - First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;*
  - In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;*
  - In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;*
  - In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;*
  - In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.**

*The procedure, terms and conditions of the issue securities repayment:*

*The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.*

*The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5 % for the entire circulation time from the face value of the bond.*

*Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.*

*Periodicity of settlements with the owner of the bond: lumpsum.*

*The form of payment: cash, non-cash.*

*The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:*

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5 % annually of the face value of the bond.*

#### **Issue № 31:**

*Kind, series (type), form and other identification features of securities:*

*Kind: bonds*

*Series: 5 – C*

*Type: interest rate*

*Form: registered paperless*

*State registration number of the issue: № 4-31-00137-A*

*State registration date of the issue: 25.10.2002*

*State registration date of the report on the issue results: 24.01.2003*

*The name of state registration body carried out the securities issue state registration:*

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

***Russia's FCSM***

The quantity of the issue securities: **800 pieces**

*The quantity of placed securities of the issue: 800*

*The quantity of circulating securities of the issue: 800*

Face value of each valuable paper of the issue: **700 rubles**

The amount of securities issue at face value: **560 000 rubles**

The rights assigned for each valuable paper of the issue:

**1) To receive from the issuer the face value of the bond at its repayment;**

**2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;**

**3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:**

**- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;**

**- In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;**

**- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;**

**- In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;**

**- In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.**

The procedure, terms and conditions of the issue securities repayment:

***The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.***

***The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5 % for the entire circulation time from the face value of the bond.***

***Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.***

***Periodicity of settlements with the owner of the bond: lumpsum.***

***The form of payment: cash, non-cash.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5 % annually of the face value of the bond.***

**Issue № 32:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***6 – C***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-32-00137-A***

State registration date of the issue: ***25.10.2002***

State registration date of the report on the issue results: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **1 500 pieces**

*The quantity of placed securities of the issue: 1 499*

*The quantity of circulating securities of the issue: 1 499*

Face value of each valuable paper of the issue: **1 400 rubles**

The amount of securities issue at face value: **2 098 600 rubles**

The rights assigned for each valuable paper of the issue:

**1) To receive from the issuer the face value of the bond at its repayment;**

**2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;**

**3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:**

**- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;**

**- In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;**

**- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;**

**- In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;**

**- In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.**

The procedure, terms and conditions of the issue securities repayment:

**The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.**

**The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5 % for the entire circulation time from the face value of the bond.**

**Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.**

**Periodicity of settlements with the owner of the bond: lumpsum.**

**The form of payment: cash, non-cash.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5 % annually of the face value of the bond.**

**Issue № 33:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **I – Y**

Type: **interest rate**



Form: *registered paperless*

State registration number of the issue: *№ 4-33-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *18 246 pieces*

*The quantity of placed securities of the issue: 18 246*

*The quantity of circulating securities of the issue: 60*

Face value of each valuable paper of the issue: *100 rubles*

The amount of securities issue at face value: *1 824 600 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

- *To receive from the issuer the face value of the bond at its repayment;*
- *To receive cash income at a rate of 0.1 % of face value of the bond at repayment;*
  - *To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income on the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at the rate of 0,1 % annually from face value of the bond.*

Issue № 34:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *2 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-34-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 106*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

- **To receive from the issuer the face value of the bond at repayment;**
- **To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**
- **To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.**

Issue № 35:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **3 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-35-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

**The quantity of placed securities of the issue: 500**

**The quantity of circulating securities of the issue: 500**

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

- **To receive from the issuer the face value of the bond at repayment;**
- **To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**
- **To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

**Issue № 36:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***4 – Y***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-36-00137-A***

State registration date of the issue: ***25.10.2002***

State registration date of the report on the issue results: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out state registration of the report on the issue results:

***Russia's FCSM***

The quantity of the issue securities: ***500 pieces***

***The quantity of placed securities of the issue: 500***

***The quantity of circulating securities of the issue: 500***

Face value of each valuable paper of the issue: ***2 000 rubles***

The amount of securities issue at face value: ***1 000 000 rubles***

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

***- To receive from the issuer the face value of the bond at repayment;***

***- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***

***- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

Issue № 37:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **5 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-37-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

***- To receive from the issuer the face value of the bond at repayment;***

***- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***

***- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

Issue № 38:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **6 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-38-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

- **To receive from the issuer the face value of the bond at repayment;**
- **To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**
- **To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.**

**Issue № 39:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **7 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-39-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

- **To receive from the issuer the face value of the bond at repayment;**
- **To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**

**- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.**

Issue № 40:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **8 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-40-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

**The quantity of placed securities of the issue: 500**

**The quantity of circulating securities of the issue: 500**

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

**- To receive from the issuer the face value of the bond at repayment;**

**- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**

**- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

**Issue № 41:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***9 – Y***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-41-00137-A***

State registration date of the issue: ***25.10.2002***

State registration date of the report on the issue results: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out state registration of the report on the issue results:

***Russia's FCSM***

The quantity of the issue securities: ***500 pieces***

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: ***2 000 rubles***

The amount of securities issue at face value: ***1 000 000 rubles***

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

- To receive from the issuer the face value of the bond at repayment;***
- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***
- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

**Issue № 42:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: **10 – Y**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-42-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

**The owner of the bond has the right:**

**- To receive from the issuer the face value of the bond at repayment;**

**- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;**

**- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.**

The procedure, terms and conditions of the issue securities repayment:

**The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.**

Issue № 43:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **BT – 1**

Type: **interest rate**

Form: **bearer, paper**

State registration number of the issue: **№ 4-43-00137-A**

State registration date of the issue: **24.01.2003**

State registration date of the report on the issue results: **14.03.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**



The quantity of the issue securities: **1 000 000 pieces**

Face value of each valuable paper of the issue: **1 000 rubles**

The amount of securities issue at face value: **1 000 000 000 rubles**

The rights assigned for each valuable paper of the issue:

***The bond owner has the right for receiving the bond face value when it is repaid during the period stipulated for this.***

***The bond owner has the right to receive a fixed interest of the Bond face value (coupon yield).***

***The bond owner has the right to receive the Bond face value when the Issuer is liquidated in the sequence established in accordance with article 64 of Civil Code of Russian Federation.***

***The bond owner has the right to sell the Bond without limitations or otherwise dispose of the Bond.***

***The bond owner has the right to submit the issue bond for repayment and to demand immediate compensation of the debt sum under the bonds in cases listed in item 57.11 of the bonds issue Prospectus and in item 8.6 of the Decision on the bonds issue.***

***The bond owner is in the right to exercise other rights stipulated by Russian Federation legislation.***

***In case of non-performance and/or inadequate performance by the Issuer of its obligations under the issue bonds, the owner and/or nominal holder of the bonds has the right to address the entity provided the security for the bonds issue.***

The Bonds of BT-1 series are issued in paper form, the certificate is executed for the entire amount of the issue, and the certificate is subject to central storage.

Full and abbreviated brand name of the depositary executing central storage:

***Non-commercial partnership "National depositary center"***

***NCP "NDC"***

Depositary's location:

***RF, 117049, Moscow, Zhitnaya str., 12***

The number of license of professional participant of securities market for carrying out the activity of a depositary at securities market:

***177-03431-000100***

Date of issue: ***04.12.2000.***

The validity term of the depositary's license for carrying out the activity of a depositary:

***Unlimited***

The body that issued the license: ***Russia's FCSM***

The procedure, terms and conditions of the issue securities repayment:

***The Bonds repayment is made by a paying agent by the Issuer instruction (hereinafter – the Paying agent), its functions are executed by:***

***Full brand name: Joint Stock commercial bank "Moscow Delovoy Mir" (Open joint stock company)***

***Abbreviated brand name: MDM-Bank***

***Location: 115035, Moscow, Sadovnicheskaya str., 3***

***Mail address: 115035, Moscow, Sadovnicheskaya str., 3***

***The Issuer may appoint additional paying agents and cancel such appointments. Official notification of the Issuer on the said actions is published by the Issuer during the period not later than 10 (Ten) business days following such appointments or their cancellation in "Vedomosti" newspaper.***

***If the Bonds repayment date falls on a day-off, irrespective if it is a state holiday or a day-off for settlement operations, then the due sum is paid on the first business day following the day-off.***

*The Bond's Owner has no right to demand interest charging or any other compensation for such a delay in the payment.*

*The Bonds are repaid at the face value.*

*The Bonds are repaid in Russian Federation currency by non-cash method in favor of the Bonds owners.*

*It is presumed that nominal holders – National Depository Center (NDC) depositors are authorized to receive the repayment sums on the Bonds. NDC depositor and/or other entity not authorized by its clients to receive the repayment sums on the Bonds, not later than on the 3-rd (Third) business day prior to the established date of the Bonds repayment, provides to NDC the list of Bonds owners, this list should contain all the requisites, specified below in the List of owners and/or nominal holders of the Bonds.*

*The Bonds repayment is made in favor of the Bonds owners being such as of the end of the NDC operation day, preceding the sixth day prior to the date of the Bonds repayment (hereinafter – “The date of making up the list of owners and/or nominal holders of the Bonds”).*

*Fulfillment of obligation with respect to the owner, included into the list of owners and/or nominal holders of the Bonds, is recognized to be proper including the case when the Bonds are alienated after the Date of making up the list of owners and/or nominal holders of the Bonds. Not later than on the 2-nd (Second) business day prior to the date of the Bonds repayment, NDC provides the Issuer and/or Paying agent with the list of owners and/or nominal holders of the Bonds, made up as of the Date of making up the list of owners and/or nominal holders of the Bonds, the list includes the following data:*

*a) Full name of the entity (person), authorized to receive the repayment sums on the Bonds.*

*In case the Bonds are transferred by the owner to a nominal holder and the nominal holder is authorized to receive the repayment sums on the Bonds, the full name of the nominal holder is indicated.*

*In case the Bonds have not been transferred to a nominal holder and/or a nominal holder is not authorized to receive the repayment sums on the Bonds, full name of the Bonds owner is indicated (the owner's surname, name, patronymic – for a natural person);*

*b) The number of Bonds, tallied at the owner's custody account or at interdepository account of the nominal holder of the Bonds, authorized to receive the repayment sums on the Bonds;*

*c) the location and the mail address of the entity (person), authorized to receive the repayment sums on the Bonds;*

*d) requisites of the bank account of the entity (person), authorized to receive the repayment sums on the Bonds, and namely:*

*- account number;*

*- the bank's name, where the account is established;*

*- the bank's correspondent account, where the account is established;*

*- bank's identification code of the bank, where the account is established;*

*e) taxpayer identification number of the entity (person), authorized to receive the repayment sums on the Bonds;*

*f) tax status of the entity (person), authorized to receive the repayment sums on the Bonds (resident, non-resident with permanent representation office in Russian Federation, non-resident without permanent representation office in Russian Federation, etc.).*

*The Bonds Owners, their authorized entities (persons), including NDC depositors independently keep track of completeness and actuality of requisites of bank's account, provided by them to NDC. In case of non-providing or untimely providing to NDC of the said requisites, the performance of such obligations is carried out to an entity (a person) who made a claim to meet the obligations and who is the owner of the Bonds as of the date of making the claim. The Issuer meets the obligations under the Bonds on the basis of NDC data.*

*Not later than on the 2-nd (Second) business day till the date of the Bonds repayment, the Issuer transfers the required money resources to the account of the Paying agent.*

*Basing on the list of owners and/or nominal holders of the Bonds, provided by NDC, the Paying agent calculates the sums of money resources due to payment to each person, indicated in the list of owners and /or nominal holders of the Bonds.*

*On the date of the Bonds repayment, the Paying agent transfers the required money resources to the accounts of entities (persons) authorized to receive the repayment sums on the Bonds and indicated in the list of owners and/or nominal holders of the Bonds.*

*In case one entity (person) is authorized to receive the repayment sums on the Bonds from several owners of the Bonds, then this entity (person) is transferred the total sum without breakdown for each owner of the Bonds.*

*Prescheduled repayment is not stipulated.*

The size of interest income (coupon yield) on the bonds, the procedure, terms and conditions of its payment:

*The Bond Owner has the right to receive a fixed interest of the Bond face value (coupon yield).*

The date of coupon payment	Coupon №	Coupon rate
23.05.2003	1-st coupon	4,75%
22.08.2003	2-nd coupon	4,75%
21.11.2003	3-rd coupon	16,50%
24.02.2004	4-th coupon	16,50%
24.05.2004	5-th coupon	15%
23.08.2004	6-th coupon	15%
22.11.2004	7-th coupon	15%
21.02.2005	8-th coupon	15%
23.05.2005	9-th coupon	15%
22.08.2005	10-th coupon	15%
21.11.2005	11-th coupon	13%
21.02.2006	12-th coupon	13%

*The calculation of the payment sum for each coupon per one Bond is made by the following formula:*

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

*where*

*j - serial number of coupon period, j=1...12*

*K<sub>j</sub> - the sum of coupon payment for each Bond*

*Nom - face value of one Bond*

*C<sub>j</sub> - the size of the interest rate of the j-th coupon, in per cent annual*

*T(j-1) - the start date of the the j-th coupon period*

*T(j) - the end date of the j-th coupon period*

*The payment sum on the coupon is determined with the precision of one kopeck (rounding-up of the second figure after the comma is made in the following way: if the third figure after the comma is more or equal to 5, then the second figure after the comma is increased by 1, in case the third figure after the comma is less than 5, then the second figure after the comma is not changed).*

*If the payment date of coupon yield on any of the twelve coupons on the Bonds falls on a day-off, irrespective if it is a state holiday or a day-off for settlement operations, then the due sum is paid on the first business day following the day-off. The Bond's Owner has no right to demand interest charging or any other compensation for such a delay in the payment.*

*The Bonds are repaid in Russian Federation currency by non-cash method in favor of the Bonds owners. It is presumed that nominal holders – National Depository Center (NDC) depositors are authorized to receive the repayment sums on the Bonds. NDC depositor and/or other entity (person) not authorized by its clients to receive the repayment sums on the*

*Bonds, not later than on the 3-rd (Third) business day prior to the established date of the Bonds repayment, provides to NDC the list of Bonds owners, this list should contain all the requisites. The Bonds repayment is made in favor of the Bonds owners being such as of the end of the NDC operation day, preceding the 6 (Sixth) day prior to the date of the Bonds repayment (hereinafter – “The date of making up the list of owners and/or nominal holders of the Bonds”).*

*Fulfillment of obligation with respect to the owner, included into the list of owners and/or nominal holders of the Bonds, is recognized to be proper including the case when the Bonds are alienated after the date of making up the specified list.*

*Not later than on the 2-nd (Second) business day prior to the date of the Bonds repayment, NDC provides the Issuer and/or Paying agent with the list of owners and/or nominal holders of the Bonds, made up as of the Date of making up the list of owners and/or nominal holders of the Bonds for income payment.*

*The Bonds Owners, their authorized entities (persons), including NDC depositors independently keep track of completeness and actuality of requisites of bank’s account, provided by them to NDC. In case of non-providing or untimely providing to NDC of the said requisites, the performance of such obligations is carried out to an entity (a person) who made a claim to meet the obligations and who is the owner of the Bonds on the date of making the claim. The Issuer meets the obligations under the Bonds on the basis of NDC data.*

*Not later than on the 2-nd (Second) business day prior to the date of coupon yield payment on the Bonds, the Issuer transfers the required money resources to the account of the Paying agent.*

*Basing on the list of owners and/or nominal holders of the Bonds, provided by NDC, the Paying agent calculates the sums of money resources due to payment to each person, indicated in the list of owners and/or nominal holders of the Bonds.*

*On the date of the Bonds coupon yield payment, the Paying agent transfers the required money resources to the accounts of entities (persons) authorized to receive the repayment sums on the Bonds and indicated in the list of owners and/or nominal holders of the Bonds.*

*In case one entity (person) is authorized to receive coupon yield sums on the Bonds from several owners of the Bonds, then this entity (person) is transferred the total sum without breakdown for each owner of the Bonds.*

*The list of owners and/or nominal holders of the Bonds, made up for the purposes of the Bonds repayment, is used for the purposes of the payment of yield on the twelfth coupon. The yield on the twelfth coupon is paid simultaneously with the Bonds repayment.*

The kind of provided security:

*Guarantee*

### **8.3.3. Data on the issues, for which the issuer has not performed its obligations as regards the securities (default)**

Data on the issues, for which the issuer has not performed or inadequately performed its obligations as regards the securities (default):

*There are no securities issues for which the issuer’s obligations are not executed or inadequately executed.*

### **8.4. Data on entity (entities) provided guarantee for the issue bonds**

Securities: *paper interest rate bearer bonds of BT-1 series*

Registration number: *4-43-00137-A*

Registration date: *24.01.2003*

The body that carried out state registration: *Russia’s FCSM*

Face value of one valuable paper of the issue: *1000 rubles.*

Issue volume: *1000 000 000 rubles.*

Entity that provided the guarantee:

Full brand name: *Limited Liability Company “Financial group “Web - invest”*

Abbreviated brand name: *LLC “Financial group “Web - invest”*

Location of the entity: *RF, 193124, Saint Petersburg, Proletarskoi diktatury sq., 6*

## **8.5. Terms and conditions of the guarantee to perform obligations on the issue bonds**

*Security for paper interest rate bearer bonds payable of BT-1 series with state registration number of the issue 4-43-00137-A:*

The method of provided security: *Guarantee.*

The amount in which the guarantor is responsible to the owners of the bonds secured by guarantee:

*1 000 000 000 (One billion) rubles and total coupon yield on 1 000 000 bonds*

*LLC “Financial group “Web - invest” (hereinafter- the “Company”) takes upon itself to be responsible for the Issuer’s performance of its obligations arising to the owners of paper interest rate bearer bonds of BT-1 series.*

*The Company takes upon itself to be responsible to the Bonds owners for the following obligations of the Issuer:*

- for the repayment by the Issuer of total face value of the Bonds issue;*
- for the payment of coupon yield on the Bonds;*
- for the Issuer liabilities under the transactions with the Bonds in accordance with public irrevocable offers of the Issuer, the conditions and the procedure of execution of which are established in item 57.13 of the Bonds Issue Prospectus and in item 9. of the Decision on the Bonds issue and are published in mass media.*

*The Company’s obligation to be responsible for the Issuer’s performance of its obligations to the Bonds owners for repayment of the Bonds face value and/or for payment of yield on the Bonds arises only in the following cases:*

- Adoption of resolution on the Issuer liquidation by the Issuer’s body authorized to adopt such a resolution, or*
- The Issuer does not pay the face value of the Bonds of the current issue or the sum of income on them, or*
- The Issuer declares its inability to perform financial liabilities in regard to the bonds of the current issue or the Issuer’s bonds of other issues, or*
- Non-performance, partial non-performance or inadequate performance by the Issuer of its obligations under the transactions with the bonds of the current issue in accordance with public irrevocable offers of the Issuer.*

*In case of occurrence of the circumstances indicated above, the Issuer’s obligations to the Bonds owners are executed by the Company for the Issuer in the procedure stipulated by the Contract of guarantee.*

*Prior to making claim to the Guarantor, the owner or nominal holder of the Bonds should provide for the Guarantor the proof of prior written claim to the Issuer of repayment of bonds and/or payment of coupon yield on the Bonds.*

*If the Guarantor does not perform its obligations in accordance with the above said Contract, the owners are in the right to apply to court (arbitration court) with the claims to the Issuer and to the Guarantor to pay the bonds face value and compensate the losses.*

*The Company performed the obligations for the Issuer is transferred the rights of creditor under these liabilities in the amount, in which the Company satisfied the claim of the Bonds owners or of the nominal holders authorized to receive the Bonds face value and/or coupon yield on*

## ***the Bonds***

The procedure of making claims to the guarantor by the bonds owners.

***The bonds owner, prior to making claim to the guarantor, should provide for the guarantor the proof of prior written claim to the issuer to repay the bonds.***

***The owner is in the right to make a written claim directly to the guarantor to pay the bonds face value and/or income on them.***

***The claim to the guarantor should contain the owner's application stating that the sum of payments on the bonds due to him/her was not received by him from the issue.***

***To receive the bonds repayment sums and/or payments of income on the bonds, the owners should provide for the guarantor the documents stipulated by the Contract of guarantee (item 3):***

***1) Copy of extract for the owner's custody account certified by Non-commercial partnership «National Depository Center» on the relevant moment of time with indication of the number of bonds belonging to the owner;***

***2) Letter of advice notice on assignment of rights for claims signed by the owner or by his/her representative;***

***3) In case of claim made by the owner's representative, the documents executed in accordance with current regulation legal acts of Russian Federation and confirming the authority of the person who made the claim on behalf of the owner.***

***The guarantor also accepts from relevant persons any documents confirming the availability of tax exemptions for these or those owners.***

***The owners may make claims on the payments on the bonds to the guarantor during two years since the date when the issuer should pay the bonds face value to the owners in accordance with the issue Prospectus.***

The size of the value of the issuer's net assets as of the last reporting date before providing the guarantee (for quarter 3 of 2002):

***3 549 869 thousand rubles***

The size of the value of net assets of the legal entity that provided the guarantee as of the last reporting date before providing the guarantee: ***150 thousand rubles***

The size of the value of net assets of the legal entity that provided the guarantee as of the date of the reporting quarter end: ***413 828 thousand rubles.***

## **8.6. Data on organizations carrying out the record keeping of rights for the issuer's issuing securities**

Organization carrying out the record keeping of the owners of the issuer's registered securities:

**registrar**

Full brand name: ***Closed Joint Stock Company "Registrar – Svyaz"***

Abbreviated brand name: ***CJSC "Registrar – Svyaz"***

Location: ***RF, 107078, Moscow, Kalanchevskaya str., 15 A***

Tel: ***(095)975-36-05*** fax: ***(095)975-36-05***

E-mail: ***regsw@asvt.ru***

Data on the registrar's license to carry out the activity of record keeping of the securities owners:

License number: ***10-000-1-00258***

Date of issue: ***1.10.2002***

Validity term: ***unlimited***

The body that issued the license: ***Russia's FCSM***

Other data on record keeping of the issuer's registered securities owners:

***18.02.2002 - the date since which the record keeping of the issuer's registered securities is carried out by the specified registrar.***

The issuer has in circulation the bonds of BT-1 series issued in paper form with execution of the certificate for the entire volume of the issue; this certificate is subject to central storage.

Entity which carries out central storage: ***depository***

Full brand name: ***Non-commercial partnership "National depository center"***

Abbreviated name: ***NCP "NDC"***

Location: ***Moscow, Srednyi Kislovskiy pereulok, 1/13, building 4***

Mailing address: ***125009, Moscow, Srednyi Kislovskiy pereulok, 1/13, building 4***

Tel.: ***(095) 232-05-27*** Fax: ***(095) 232-05-27***

E-mail:

Data on the license of professional participant of securities market to carry out the activity of depository at securities market:

License number: ***177-03431-000100***

Date of issue: ***4.12.2000***

Validity term: ***unlimited***

The body issued the license: ***Russia's FCSM***

Other data: ***02.07.2002. -date from which the depository started central storage of the issuer's securities***

***There are no other data on record keeping of the owners of the issuer's securities.***

#### **8.7. Data on legislative acts regulating the issues of import and export of capital which may affect the payment of dividends, interest and other payments to non-residents**

***The basic legislative act regulating the issues of import and export of capital is Russian Federation law of October 9, 1992 № 3615-1 "On currency regulation and currency control".***

***A number of Federal laws ratify the agreement of avoidance of double taxation between Russian Federation and foreign countries. At present the policy of avoidance of double taxation is effective with over 50 countries.***

***When applying the provisions of international agreements of Russian Federation, a foreign organization should provide to a tax agent paying the income the confirmation of the fact that this foreign organization has a permanent location in the country with which Russian Federation has an international contract (agreement) regulating the issues of taxation, this confirmation should be verified by competent authority of appropriate foreign country. In case if this confirmation is executed in a foreign language, the tax agent is also provided the translation in Russian.***

***Upon providing by a foreign organization, having the right for receiving income, of the above said confirmation to the tax agent who pays the income prior to the date of the income payment in regard to which Russian Federation international agreement stipulates preferential tax treatment in Russian Federation, then this income is exempted from deduction of the tax at the source of payment or the tax is deducted at the source of payment at reduced rates.***

*The issues of import and export of capital, which may influence the payment of dividends, interests and other payments to non-residents, are regulated by the following regulations: (in latest effective wordings):*

*Federal law of 10.12.2003 N 173-Φ3 (wording of 29.06.2004) “On currency regulation and currency control”*

*Russian Federation Tax Code, part 1, № 146-Φ3 of 31.07.98*

*Russian Federation Tax Code, part 2, № 117-Φ3 of 05.08.00*

*Federal law № 39-Φ3 of 22.04.1996 (wording of 28.07.2004) “On securities market”*

*Federal law № 160-Φ3 of 09.07.1999 (wording of 08.12.2003) “On foreign investments in Russian Federation”*

*Federal law № 39-Φ3 of 25.02.1999 (wording of 02.01.2000) “On investment activity in Russian Federation carried out in the form of capital investments”*

*Federal law № 86-Φ3 of 10.07.2002 (wording of 29.07.2004) “On Central Bank of Russian Federation (Bank of Russia)”*

*Federal law № 115-Φ3 of 07.08.2001 (wording of 28.07.2004) “On prevention of legalization (laundering) of criminal income and on prevention of financing of terrorism”*

*International treaties of Russian Federation on avoidance of double taxation.*

#### **8.8. Description of the procedure of taxation of incomes on placed and being placed issuing securities of the issuer**

Description of the procedure of taxation of incomes on placed and being placed issuing securities of the issuer.

*During 2004 the incomes were paid to legal entities and natural persons in the form of dividends.*

*The incomes were taxed in accordance with the norms established by chapters 23 and 25 of Russian Federation Tax Code:*

- The procedure of taxation of natural persons:

##### Residents

*In accordance with item 2 of article 214 of Russian Federation Tax Code OJSC “VolgaTelecom”, being the source of income of natural persons-residents, received in the form of dividends, calculated and deducted the amount of tax separately for each taxpayer applicably to each payment of the specified income at the rate stipulated by item 4 of article 224 of this Code in the procedure stipulated by article 275 of this Code.*

*In regard to income of share participation in the activity of organization, received in the form of dividends, item 4 of article 224 of RF Tax Code sets the tax rate for income of natural persons-residents in the amount of 6%. However, article 275 of RF Tax Code being referenced to by article 214 of the Code sets a special procedure of defining the tax base for the income paid in the form of dividends:*

*The amount of tax, due to deduction from the income of taxpayer (resident) – beneficiary of dividends, is calculated by the tax agent proceeding from the total amount of tax calculated in the procedure established by this item and the share of each taxpayer in the total amount of dividends.*

*Total amount of tax is defined as the product of the tax rate established by sub-item 1 of*



*item 3 of article 284 of this Code and the difference between the amount of dividends due to distribution between the shareholders (participants) in the current tax period, decreased by the amount of dividends due to payment by tax agent in accordance with item 3 of this article in the current tax period, and the amount of dividends received by the tax agent himself in current report (tax) period and previous report (tax) period, if these amounts of dividends did not participate earlier in the calculation while defining taxable income in the form of dividends.*

*On balance, to define the amount of tax on income paid to residents (to legal entities and natural persons) in the form of dividends, computed tax rate was calculated, for OJSC VolgaTelecom” this rate amounted to 5,2189%. This rate is applied to deduct the tax from natural persons – residents.*

*The tax for income of natural persons in accordance with items 4, 6 of article 226 of RF Tax Code is deducted and transferred to budget on the day of actual payment of income.*

Non-residents

*In accordance with item 2 of article 214 of Russian Federation Tax Code OJSC “VolgaTelecom”, being the source of income of natural persons – non-residents, received in the form of dividends, calculated and deducted the amount of tax separately for each taxpayer applicably to each payment of the specified income at the rate stipulated by item 3 of article 224 of this Code – 30%.*

*The tax for income of natural persons in accordance with item 4, 6 of article 226 of RF Tax Code is deducted and transferred to budget on the day of actual payment of income.*

- The procedure of taxation of legal entities:

Residents

*In accordance with item 2 of article 275 of RF Tax Code OJSC “VolgaTelecom”, paying income in the form of dividends to legal entities-residents, is a tax agent and defines the amount of tax taking into account the peculiarities stipulated by this item of RF Tax Code:*

*The amount of tax due to deduction from the income of taxpayer (resident) - beneficiary of dividends is calculated by tax agent proceeding from the total amount of tax computed in the procedure established by this item and from the share of each taxpayer in the total amount of dividends.*

*The total amount of tax is defined as the product of tax rate, established by sub-item 1 of item 3 of article 284 of this Code (the rate of 6%), and the difference between the amount of dividends due to distribution between shareholders (participants) in current tax period decreased by the amounts of dividends due to payment by tax agent in accordance with item 3 of this article in current report (tax) period and the amount of dividends received by the tax agent himself in current report (tax) period and previous report (tax) period, if these amounts of dividends did not participate earlier in the calculation while defining taxable income in the form of dividends.*

*On balance, to define the amount of tax on income paid to residents (to legal entities and natural persons) in the form of dividends, computed tax rate was calculated, for OJSC VolgaTelecom” this rate amounted to 5,2189%. This rate is applied to deduct the tax from legal entities – residents.*

*For separate beneficiaries of income in the form of dividends – Unit investments funds – the tax was not deducted, as Unit investments funds being separate property complexes without establishing legal entity, are not considered to be organizations for applying RF Tax Code, and hence they are not recognized to be taxpayers of the profit tax. This status is confirmed by item 7.2.7 of Methodical recommendations on application of chapter 25 of RF Tax Code approved by Russia’s Tax and Duties Ministry order № БГ-3-02/729 of 12.12.2002.*

*The tax for income in the form of dividends in accordance with item 4 of article 287 of RF Tax Code is deducted and transferred to budget within 10 days following the day of income payment.*

Non-residents:

*In accordance with item 3 of article 275 of RF Tax Code OJSC “VolgaTelecom”, paying income in the form of dividends to legal entities – non-residents, is a tax agent and defines the amount of tax proceeding from the paid amount taking into account the rate stipulated by sub-item 2 of item 3 of article 284 of RF Tax Code – 15%.*

*Reduced rates (5% and 10%) were applied to separate beneficiaries of dividends in*

*accordance with item 1 of article 312 of RF Tax Code on the basis of non-residents' providing the documents confirming their permanent stay in the country with which Russian Federation has an international treaty (agreement) regulating the issue of preferential tax treatment.*

*The tax for income in the form of dividends in accordance with item 4 of article 287 of RF Tax Code is deducted and transferred to budget within 10 days following the day of income payment.*

*The procedure of taxation of income from realization of being placed and placed securities, and also of interest on the issuer's bonds in accordance with RF current legislation*

*When paying income in the form of dividends received from the securities' issuer the taxation is made in accordance with RF current legislation on taxes and receipts:*

The procedure of taxation of natural persons

*Residents*

*In accordance with sub-item 1 of item 1 of article 208 of RF Tax Code, of items 2 and 4 of article 226 of RF Tax Code, of item 1 of article 224 of RF Tax Code the income received by natural persons are subject to taxation with the source of their payment at the rate of 13 %.*

*Non-residents*

*In accordance with sub-item 1 of item 1 of article 208 of RF Tax Code, of items 2 and 4 of article 226 of RF Tax Code, of item 3 of article 224 of RF Tax Code the income received by natural persons are subject to taxation with the source of their payment at the rate of 30 %.*

The procedure of taxation of legal entities

*Residents*

*In accordance with item 1 of article 247 of RF Tax Code, of item 6 of article 250 of RF Tax Code and item 1 of article 284 of RF Tax Code the received income is subject to taxation with Russian organizations received them at the rate of income tax of 24%.*

*Non-residents*

Carrying out the activity via permanent representation office

*In accordance with item 2 of article 247 of RF Tax Code, of items 1 and 6 of article 307 of RF Tax Code and item 1 of article 284 of RF Tax Code the received income is subject to taxation with foreign organizations received them and carrying out the activity in RF via permanent representation office at the rate of income tax of 24%.*

Not carrying out the activity via permanent representation office

*In accordance with item 3 of article 247 of RF Tax Code, of item 4 of article 286 of RF Tax Code, of sub-item 1 of item 2 of article 284 of RF Tax Code, of paragraph 3 of sub-item 3 of item 1 of article 309 of RF Tax Code and of item 1 of article 310 of RF Tax Code the received income is subject to taxation with the source of their payment at the rate of 20%.*

*However, in virtue of sub-item 4 of item 2 of article 310 of RF Tax Code calculation and income tax deduction of income paid to foreign organizations are made by tax agent for all kinds of income specified in item 1 of article 309 of RF Tax Code in all the cases of payments of such income, excluding the cases of income payments, which are in accordance with international agreements (treaties) are not taxed in RF, if a foreign organization provides for a tax agent a duly executed confirmation stipulated by item 1 of article 312 of RF Tax Code.*

*If the securities issuer has concluded contract with a bank acting as the issuer's paying agent, then the source of paying income in the form of interests is the paying agent and it calculates and*

*transfers the appropriate taxes.*

*Since January 1, 2005 in regard of income from share participation in organization's activity received in the form of dividends, item 4 of article 224 of RF Tax Code establishes the rate of the tax of income of natural persons-residents in the size of 9%. The tax rate of 9% in accordance with sub-item 1 of item 3 of article 284 of RF Tax Code is applicable for tax withholding of legal entities-residents receiving income in the form of dividends from Russian organizations. These changes were introduced into part II of RF Tax Code by Federal law № 95-Ф3 of 29.07.2004 "On introduction of changes in part one and part two of RF Tax Code and on holding some legislative acts (provisions of legislative acts) of RF on taxes and receipts to be null and void".*

#### **8.9. Data on declared (accrued) and paid dividends on the issuer's shares, and also on the incomes on the issuer's bonds**

##### **For year 2000**

Category of shares: *ordinary*

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share:

*0,27 ruble*

The amount of declared (accrued) dividends in total on all ordinary shares: *23 626 708 rubles*

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: *25.06.2001*

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: *№ 8 of 25.06.2001*

The time period established for the payment of declared dividends on the issuer's shares:

*From 25.07.2001 to the fiscal year end*

The form and other conditions of the payment of declared dividends on the issuer's shares:

*In cash, and also by other property in case of a shareholder's consent*

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: *2000*

Total amount of dividends paid on all ordinary shares of the issuer for each report period for which the resolution on payment (declaration) of dividends was passed: *23 469 402 rubles*

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on ordinary shares: *none*

##### **For year 2000**

Category and type of shares: *preferred A type shares*

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share:

*1.04 ruble*

The amount of declared (accrued) dividends in total on all preferred A type shares:

*30 502 509 rubles*

The name of the issuer's management body adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: *25.06.2001*

The date and the number of minutes of the meeting (session) of the issuer's management body at

which the resolution on dividends payment (declaration) was passed: **№ 8 of 25.06.2001**

The time period established for the payment of declared dividends on the issuer's shares:

**From 25.07.2001 to the fiscal year end**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash, and also by other property in case of a shareholder's consent**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2000**

Total amount of dividends paid on all preferred A type shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **29 791 600 rubles**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on preferred shares: **none**

#### **For year 2001**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: **0,32 ruble**

The amount of declared (accrued) dividends in total on all ordinary shares: **28 000 795 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2002**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 10 of 28.06.2002**

The time period established for the payment of declared dividends on the issuer's shares:

**From 28.07.2002 to 31.12.2002**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2001**

Total amount of dividends paid on all ordinary shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **27 933 898 rubles**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on ordinary shares: **none**

#### **For year 2001**

Category and type of shares: **preferred A type shares**

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **0.96 ruble**

The amount of declared (accrued) dividends in total on all preferred A type shares: **27 993 888 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2002**

The date and the number of minutes of the meeting (session) of the issuer's management body at

which the resolution on dividends payment (declaration) was passed: **№ 10 of 28.06.2002**

The time period established for the payment of declared dividends on the issuer's shares:

**From 28.07.2002 to 31.12.2002**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2001**

Total amount of dividends paid on all preferred A type shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **27 771 318 rubles**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on preferred shares: **none**

### **For year 2002**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: **0,7066 ruble**

The amount of declared (accrued) dividends in total on all ordinary shares: **173 802 112 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **27.06.2003**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 3 of 27.06.2003**

The time period established for the payment of declared dividends on the issuer's shares:

**From 27.07.2003 to 31.12.2003**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2002**

Total amount of dividends paid on all ordinary shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **172 857 457 rubles**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on ordinary shares: **none**

### **For year 2002**

Category and type of shares: **preferred A type shares**

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **1.7954 ruble**

The amount of declared (accrued) dividends in total on all preferred A type shares: **147 193 004 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution

(declaration) on dividends payment was passed: **27.06.2003**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 3 of 27.06.2003**

The time period established for the payment of declared dividends on the issuer's shares:

**From 27.07.2003 to 31.12.2003**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2002**

Total amount of dividends paid on all preferred A type shares of the issuer for each report period for which the resolution on payment (declaration) of dividends was passed: **143 827 013 rubles**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on preferred shares: **none**

### **For year 2003**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: **0,9186 ruble**

The amount of declared (accrued) dividends in total on all ordinary shares: **225 947 665 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **22.06.2004**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 4 of 23.06.2004**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2004 to 15.12.2004**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2003**

Total amount of dividends paid on all ordinary shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was adopted:

**224 123 032 rubles.**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on ordinary shares: **none**

### **For year 2003**

Category and type of shares: **preferred A type shares**

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **2,4510 rubles**

The amount of declared (accrued) dividends in total on all preferred A type shares: **200 941 323 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution

(declaration) on dividends payment was passed: **22.06.2004**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 4 of 23.06.2004**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2004 to 15.12.2004**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2003**

Total amount of dividends paid on all preferred A type shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **193 271 030 rubles.**

Reasons for non- payment of declared dividends:

Other data on declared and/or paid dividends on preferred shares: **none**

#### **For year 2004**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share:

**1,3779 rubles**

The amount of declared (accrued) dividends in total on all ordinary shares: **338 921 499 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2005**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 5 of 30.06.2005**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2005 to 15.12.2005**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2004**

Total amount of dividends paid on all ordinary shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was adopted:

**108 006 244 rubles**

Reasons for non- payment of declared dividends: **continuation of the period for dividends payment**

Other data on declared and/or paid dividends on ordinary shares: **none**

#### **For year 2004**

Category and type of shares: **preferred A type shares**

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **2,5082 rubles**

The amount of declared (accrued) dividends in total on all preferred A type shares: **205 630 774 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2005**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 5 of 30.06.2005**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2005 to 15.12.2005**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2004**

Total amount of dividends paid on all preferred A type shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was passed:

**152 980 528 rubles**

Reasons for non- payment of declared dividends: **continuation of the period for dividends payment**

Other data on declared and/or paid dividends on ordinary shares: **none**

The issuers who had issued **the bonds** on which the income was paid should provide the following data:

Kind of securities: **bonds**

Series: **BT - 1**

Form: **paper bearer**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-43-00137-A**

State registration date: **24.01.2003**

State registration date of the report on the bonds issue results: **14.03.2003**

The quantity of the bonds of the issue: **1 000 000 pieces**

Face value of each bond of the issue: **1 000 rubles**

The amount of the bonds issue at face value: **1 000 000 000 rubles**

Type of yield paid on the bonds of the issue: **interest (coupon)**

The size of the yield due to payment in cash on the issue bonds as per one bond: **396,81 rubles**

The total size of the yield due to payment in cash on all the issue bonds: **396 810 000 rubles**

The time period established for the payment of yield on the issue bonds:

<b>Date of payment</b>	<b>Size of coupon rate, %</b>	<b>Size of yield as per 1 bond, rubles</b>	<b>Size of yield paid, rubles.</b>
<b>23.05.2003</b>	<b>4.75</b>	<b>11.84</b>	<b>11 840 000</b>
<b>22.08.2003</b>	<b>4.75</b>	<b>11.84</b>	<b>11 840 000</b>
<b>21.11.2003</b>	<b>16.5</b>	<b>41.14</b>	<b>41 140 000</b>
<b>24.02.2004</b>	<b>16.5</b>	<b>41.59</b>	<b>41 590 000</b>
<b>24.05.2004</b>	<b>15</b>	<b>37.81</b>	<b>37 810 000</b>
<b>23.08.2004</b>	<b>15</b>	<b>37.40</b>	<b>37 400 000</b>
<b>22.11.2004</b>	<b>15</b>	<b>37.40</b>	<b>37 400 000</b>
<b>21.02.2005</b>	<b>15</b>	<b>37.81</b>	<b>37 810 000</b>
<b>23.05.2005</b>	<b>15</b>	<b>37.40</b>	<b>37 400 000</b>
<b>22.08.2005</b>	<b>15</b>	<b>37.40</b>	<b>37 400 000</b>
<b>21.11.2005</b>	<b>13</b>	<b>32.41</b>	<b>32 410 000</b>
<b>21.02.2006</b>	<b>13</b>	<b>32.77</b>	<b>32 770 000</b>



The form and other conditions of the payment of yield on the issue bonds:

***In Russian Federation currency, in non-cash form***

Reporting period (year, quarter) for which the yield for the issue bonds was (is) paid: ***quarter 3 of 2005***

Total size of yield paid on all the bonds of the issue for each report period for which such yield had been paid:

***Quarter 2 of 2003 (23.05.2003) – 11 840 000 rubles***

***Quarter 3 of 2003 (22.08.2003) - 11 840 000 rubles***

***Quarter 4 of 2003 (21.11.2003) – 41 140 000 rubles***

***Quarter 1 of 2004 (24.02.2004) – 41 590 000 rubles***

***Quarter 2 of 2004 (24.05.2004) – 37 810 000 rubles.***

***Quarter 3 of 2004 (23.08.2004) – 37 400 000 rubles.***

***Quarter 4 of 2004 (22.11.2004) – 37 400 000 rubles***

***Quarter 1 of 2005 (21.02.2005) – 37 810 000 rubles***

***Quarter 2 of 2005 (23.05.2005) – 37 400 000 rubles***

***Quarter 3 of 2005 (22.08.2005) – 37 400 000 rubles***

The reasons of non-payment of the yield: ***the yield was paid in full***

Other data on the yields on the issue bonds: ***none***

Kind of securities: ***bonds***

Series: ***10 - O***

Form: ***registered paperless***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-10-00137-A***

State registration date: ***25.10.2002***

State registration date of the report on the results of the bonds issue: ***24.01.2003***

The quantity of the issue bonds: ***488 pieces***

Face value of each bond of the issue: ***2 500 rubles***

The amount of the bonds issue at face value: ***1 220 000 rubles***

Type of yield paid on the issue bonds: ***interest***

The size of the yield due to payment on the issue bonds in cash as per one bond: ***cannot be indicated in money terms***

***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.***

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: ***cannot be indicated as the period of repayment (yield payment) of each bond is different***

The time period established for the payment of the yield on the issue bonds: ***till 06.11.2003***

The form and other conditions of the payment of the yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarter 4 of 2003***

Total size of yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 4 of 2003 - 6 768 rubles***

Reasons of non-payment of the yield:

Other data on the yield on the issue bonds:

***The size of the yield due to payment is defined by the date of each bond repayment.***

Kind of securities: *bonds*

Series: *11 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-11-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *280 pieces*

Face value of each bond of the issue: *2 500 rubles*

The amount of the bonds issue at face value: *700 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of the yield on the issue bonds: *till 06.11.2003*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003*

Total size of the yield paid on all bonds of the issue for each report period for which such yield had been paid:

*Quarter 1 of 2003 – 144 rubles*

*Quarter 2 of 2003 - 0 ruble*

*Quarter 3 of 2003 - 0 ruble*

*Quarter 4 of 2003 - 0 ruble*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *18 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-18-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *182 pieces*

Face value of each bond of the issue: *6 000 rubles*

The amount of the bonds issue at face value: *1 092 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.***

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: ***cannot be indicated as the period of repayment (yield payment) of each bond is different***

The time period established for the payment of yield on the issue bonds: ***till 15.04.2004***

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004***

Total size of the yield paid on all the bonds of the issue for each report period for which such yield had been paid:

***Quarter 1 of 2003 – 0 ruble***

***Quarter 2 of 2003 – 117,7 rubles***

***Quarter 3 of 2003 - 0 ruble***

***Quarter 4 of 2003 - 0 ruble***

***Quarter 1 of 2004 – 1 105,60 rubles***

Other data on the yield on the issue bonds:

***The size of the yield due to payment is defined by the date of each bond repayment.***

Kind of securities: ***bonds***

Series: ***19 - O***

Form: ***registered paperless***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-19-00137-A***

State registration date: ***25.10.2002***

State registration date of the report on the results of the bonds issue: ***24.01.2003***

The quantity of the issue bonds: ***70 pieces***

Face value of each bond of the issue: ***6 000 rubles***

The amount of the bonds issue at face value: ***420 000 rubles***

Type of yield paid on the issue bonds: ***interest***

The size of the yield due to payment on the issue bonds in cash as per one bond: ***cannot be indicated in money terms***

***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.***

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: ***cannot be indicated as the period of repayment (yield payment) of each bond is different***

The time period established for the payment of yield on the issue bonds: ***till 15.04.2004***

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 1 of 2003 – 52 rubles***

***Quarter 2 of 2003 – 0 ruble***

***Quarter 3 of 2003 - 0 ruble***

**Quarter 4 of 2003 - 0 ruble**

**Quarter 1 of 2004 – 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **20 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-20-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **405 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **2 430 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money terms**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 1 144 rubles**

**Quarter 2 of 2003 – 0 ruble**

**Quarter 3 of 2003 - 0 ruble**

**Quarter 4 of 2003 - 52 rubles**

**Quarter 1 of 2004 – 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **21 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-21-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **288 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **1 728 000 rubles**

Type of the yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money form**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 5 441,34 rubles**

**Quarter 2 of 2003 – 0 ruble**

**Quarter 3 of 2003 - 0 ruble**

**Quarter 4 of 2003 - 1 701,93 rubles**

**Quarter 1 of 2004 – 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **22 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-22-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **417 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **2 502 000 rubles**

Type of the yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money terms**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 44,19 rubles**

**Quarter 2 of 2003 – 69,37 rubles**

**Quarter 3 of 2003 - 0 ruble**

**Quarter 4 of 2003 - 74,37 rubles**

**Quarter 1 of 2004 – 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **24 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-24-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **500 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **3 000 000 rubles**

Type of the yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money terms**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 364,38 rubles**

**Quarter 2 of 2003 – 109,13 rubles**

**Quarter 3 of 2003 - 0 ruble**

**Quarter 4 of 2003 - 0 ruble**

**Quarter 1 of 2004 - 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **25 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-25-00137-A**

State registration date: **25.10.2002**.

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **180 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **1 080 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money form**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 92,54 rubles**

**Quarter 2 of 2003 – 0 ruble**

**Quarter 3 of 2003 - 0 ruble**

**Quarter 4 of 2003 - 0 ruble**

**Quarter 1 of 2004 - 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **1 - C**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-27-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **143 890 pieces**

Face value of each bond of the issue: **100 rubles**

The amount of the bonds issue at face value: **14 389 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield which was due to payment on the issue bonds in money form as per one bond: **the size of the yield cannot be indicated in money terms as the period of repayment (yield**

*payment) of each bond is different. Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The size of the yield which was due to payment on the issue bonds in money form in aggregate for all issue bonds: *the size of the yield cannot be indicated in money terms as the period of repayment (yield payment) of each bond is different. Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The time period established for the payment of yield on the issue bonds:

*From 07.06.2003 till 07.06.2005*

The form and other conditions of the payment of yield on the issue bonds: *cash, non-cash. The payment is made on the basis of the bonds owner application within 30 days since the date of the application filing.*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 3 and 4 of year 2003, quarters 1, 2, 3 and 4 of year 2004*

*Quarters 1, 2 and 3 of year 2005*

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 3 of 2003 - 34 619,1 rubles*

*Quarter 4 of 2003 - 19 427,85 rubles*

*Quarter 1 of 2004 - 34 472,83 rubles*

*Quarter 2 of 2004 - 14 527,62 rubles*

*Quarter 3 of 2004 - 9 421,07 rubles*

*Quarter 4 of 2004 - 14 026,74 rubles*

*Quarter 1 of 2005 - 57 446,40 rubles*

*Quarter 2 of 2005 - 223 320,42 rubles*

*Quarter 3 of 2005 - 52 589,15 rubles*

Other data on the yield on the issue bonds: *The payment of the yield on the issue bonds is made by the issuer since 07.06.2003 - the date of the bonds repayment start.*

*As of the reporting date the amount of yield unclaimed by the bonds' holders is 422 899,62 rubles*

Kind of securities: *bonds*

Series: *1 - Y*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-33-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *18 246 pieces*

Face value of each bond of the issue: *100 rubles*

The amount of the bonds issue at face value: *1 824 600 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield which was due to payment on the issue bonds in money form as per one bond:

*0,1 ruble*

The total size of the yield which was due to payment on the issue bonds in money terms for all the



bonds of the issue: **1824,6 rubles**

The time period established for the payment of yield on the issue bonds:

**The date of the repayment start: 29.06.2003**

**The date of the repayment end: 29.06.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 2, 3 and 4 of year 2003, quarters 1 and 2 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 2 of 2003 - 0 rubles**

**Quarter 3 of 2003 - 39,7 rubles**

**Quarter 4 of 2003 - 1 277,4 ruble.**

**Quarter 1 of 2004 - 16,40 rubles**

**Quarter 2 of 2004 - 491,10 rubles.**

Other data on the yield on the issue bonds: **none**

Kind of securities: **bonds**

Series: **2 - Y**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-34-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **500 pieces**

Face value of each bond of the issue: **2000 rubles**

The amount of the bonds issue at face value: **1 000 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield which was due to payment on the issue bonds in money terms as per one bond:

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value.**

The size of the yield which was due to payment on the issue bonds in money terms for all the bonds of the issue: **Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value multiplied by 500.**

The time period established for the payment of yield on the issue bonds:

**The date of the repayment start: 01.01.2005**

**The date of the repayment end: 31.12.2005**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarter 1,2,3 of year 2005**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2005 - 2081,66 rubles**

**Quarter 2 of 2005 - 142,76 rubles**

**Quarter 3 of 2005 - 51,58 rubles**

Other data on the yield on the issue bonds: **none**

## 8.10. Other data

*There are no other data on the issuer and its securities as stipulated by Federal law “On securities market” or other federal laws.*

**Supplement № 1 – Code of Corporate Governance  
of OJSC “VolgaTelecom”**

**APPROVED by**

OJSC “VolgaTelecom” Board of directors

March 11, 2004

**The Code  
Of Corporate Governance  
Of OJSC “VolgaTelecom”**

Nizhny Novgorod city  
2004

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## **Introduction**

Open Joint Stock Company “VolgaTelecom” (hereinafter – the Company) is the largest telecommunications services operator of Povolzhskiy region of Russia.

Realizing its mission in meeting the customers’ needs in high quality and reliability communication services, proceeding from the intent to develop as modern company capable of attracting the investments for the solution of these tasks, meeting high business, technological and financial standards, the Company voluntarily takes upon itself to follow the principles and rules of corporate governance of this Code in its activity.

The purpose of adopting this Code by the Company is to form and implement to day-to-day activity the principles and the rules of corporate governance contributing to successful development of the Company expressed first of all in long-term prospects of the Company’s development, in the growth of its value, in meeting legitimate interests and rights of all the stockholders and in forming positive image of the Company between the stockholders, employees, the Company’s customers and other interested parties.

The principles and the rules contained in this Code meet international standards of the best practice of corporate governance and represent higher, as compared with current legislation, level of functioning of management and control bodies, of business culture and compliance with high ethical norms.

As the practice of corporate management in Russia and abroad develops, the Company will improve the rules and principles of corporate governance stated in this Code and ensure their more complete abidance in its day-to-day activity.

## **1. The principles of corporate governance**

1.1. Corporate governance is the system of principles, norms and rules in accordance with which the relations between stockholders, members of the Board of directors, the Company's executive bodies and other interested parties are regulated.

1.2. The Company commits itself to perfect corporate management in accordance with the principles ensuring:

- Factual opportunity for the stockholders to exercise their rights related to participation in the Company;
- Equal treatment of stockholders possessing the shares of the same type (category), including minority and foreign stockholders;
- Exercising by the Board of directors of strategic management of the Company's activity and efficient control by the Board of directors over the activity of the Company's executive bodies, and also the accountability of the members of the Board of directors to the Company's stockholders;
- Reasonable and bona fide exercising by the Company's executive bodies of efficient management of the Company's current activity in the interests of ensuring its long-term, stable development and obtaining profit by the stockholders from this activity; the accountability of executive bodies to the Company's Board of directors and its stockholders;
- Timely disclosure of exact and true information on the Company, including on its financial status, economic indicators, the structure of property and management, essential corporate actions in order to ensure the opportunity to take informed decisions by the Company's stockholders and investors;
- Efficient control over the Company's financial-economic activity in order to protect the rights and legitimate interests of the stockholders;
- Observance of legitimate rights of the Company's employees, development of partnership relations between the Company and the employees in solution of social issues and regulation of labor conditions;
- Active cooperation of the Company with investors, creditors and other interested parties in order to increase the Company's value, including the growth of its assets, the price of shares and other securities, raising its reputation.

1.3. The Company realizes the importance of perfecting the corporate governance of its affiliated and dependent companies and seeking to ensure the openness and transparency of the activity of the said organizations and also to introduce the basic principles of this Code in them.

## **2. The rights of the Company's stockholders**

2.1. In its activity the Company proceeds from the fact that its management and control bodies, and first of all the Board of directors, the Company's Management board and General director ensure the observance of rights and protection of the Company's stockholders interests.

2.2. The Company to the maximum ensures reliable and efficient accounting of property rights of the stockholders for the shares by transferring the functions of depositing and keeping the register of stockholders to a specialty registrar who is independent in relation to the Company and has proper technical facilities and control systems ensuring qualitative keeping and safety of the register data, the registrar acting on the basis of license in accordance with the requirements of current legislation.

2.3. The stockholders have the right in their discretion to freely dispose of the shares in their possession, to perform any acts not contradicting the law and not violating the rights and law protected interests of other parties, including the transfer of their shares to the possession of other

persons.

2.4. In its activity the Company proceeds from regular and timely ensuring of receipt by the stockholders of exact and complete information allowing for them to take optimal decisions on the issues of the Company's activity and disposal of securities in their possession.

2.5. The Company ensures the right of the stockholders to participate in the management of the Company's activity and adoption of decisions on the most important issues of the Company's activity. The Company observes the stockholders' right to get profit share of the Company in the form of dividends and tends to the predictability of the Company's dividend policy for the stockholders. The Company will conduct the policy aimed for the receipt by the stockholders of dividends of the declared amount and within short-term period.

2.6. The Company expects that the stockholders will not abuse the rights granted to them and will not perform the acts aimed at causing harm to other stockholders or to the Company.

### **3. General meeting of stockholders**

3.1. The Company complies with the requirements of Russian Federation legislation to the procedure of preparation and holding of general meeting of stockholders and makes efforts to perfect the procedures of preparation and holding of general meetings of stockholders.

3.2. The procedure of preparation and holding of general meeting of stockholders is regulated by the Charter and the internal document of the Company – "Provision on the procedure of holding general meeting of OJSC "VolgaTelecom" stockholders (hereinafter – the Provision on holding general meeting of stockholders).

3.3. The Company applies the methods of giving notice to the stockholders on the convocation of general meeting of stockholders, these methods ensure timely provision of the information to all the persons included into the list of persons having the right to participate in general meeting of stockholders.

3.4. Along with the major method of notifying the stockholders by mailing a communication about holding the meeting to every stockholder, the Company uses additional channels: publication of information about holding general meeting of stockholders in one nationwide daily – "Rossiiskaya gazeta" having one of the largest readership circulation in the country, and also in a number of leading mass media of Russian Federation subjects on the territory of which the Company is operating. The Company uses its corporate Internet site [www.volgatelecom.ru](http://www.volgatelecom.ru) as an additional method of notifying the stockholders on holding general meeting.

3.5. The Company tends to extend the time period for notification of the stockholders about the upcoming general meeting and to notify the stockholders about holding general meeting of stockholders at least 30 days prior to the date of its holding, if the legislation does not stipulate a longer period.

3.6. The Company tends to expand the content of communication about holding general meeting of stockholders and to provide in the communication about holding of formal general meeting the information about the beginning and the end of registration and the location of registration, and in case of absentee voting – the date to which the voting ballots should be received.

3.7. The Company provides the stockholders participating in the general meeting the opportunity to familiarize with the information providing complete insight of the Company's activity required for taking informed, better decisions on the issues of the agenda of the general meeting. The stockholders can familiarize with the information:

- ◆ At the location of the Company's executive body,
- ◆ In the Company's branches,
- ◆ At the Company's website in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

3.8. The volume of information provided to the stockholders is defined by the Charter and the Provision on the procedure of holding general meeting of stockholders.

3.9. The persons having the right to participate in stockholders' general meeting are provided the following information (materials) in the procedure and to the address (addresses) indicated in the communication about holding general meeting of stockholders: - Annual accounting statement, including auditor's report, the Company's Auditing committee report based on the results of the check of the annual accounting statement,

- Data on the candidates to the Company's Board of directors, to the Company's Auditing committee,
- The draft of changes and addenda introduced to the Company's Charter, or the draft of the Company's Charter in a new wording,
- The drafts of the Company's internal documents,
- The drafts of other documents the adoption of which is stipulated by the drafts of resolutions of the stockholders' general meeting,
- The drafts of resolutions of the stockholders' general meeting,
- Other information (materials) required for provision in accordance with current legislation,
- Other information (materials) for adopting the resolutions on the issues of the agenda of the stockholders' general meeting included by the Board of directors in the list of information (materials) provided to the stockholders during the preparation to holding the stockholders' general meeting.

3.10. For exercising the right of stockholders to participate in general meeting, the Company adopts internal documents ensuring in accordance with legislation the rights of stockholders to demand the convocation of general meeting and bring forward the motions in the meeting's agenda, the capability to duly get prepared for participation in the stockholders' general meeting, and also the capability of exercising the right of vote by each stockholder.

3.11. In its internal documents the Company defines the rules and the procedure of holding general meeting of stockholders in such a way so that they ensure equal treatment of all stockholders, facilitate stockholders' participation in the general meeting and expression of their opinion on the issues put on the meeting's agenda.

3.12. Stockholders (stockholder) who are in total the owners of at least 2 percent of the Company's voting shares have the right to introduce the issues to the agenda of annual general meeting of stockholders, to nominate candidates to the Company's Board of directors, to the Company's Auditing committee. Stockholders who are the owners of at least 10 percent of the Company's voting shares have the right to convene extraordinary general meeting of stockholders. The specified stockholders (stockholder) do not submit the extract from stockholders' register in case, if their rights for the shares are accounted for in the system of keeping the register of stockholders, if their rights for the shares are accounted for at custody account at depositary then it is sufficient to submit the extract from custody account of the depositary.

3.13. The Company provides the stockholders who possess at least 1% of votes the capability of familiarizing with the list of persons having the right to participate in stockholders' general meeting starting from the date of announcement of holding stockholders' general meeting and to the date of closing of formal general meeting of stockholders, and in case of absentee general meeting of stockholders – to the date of the end of acceptance of ballots for voting at the location of the executive body.



3.14. When forming the agenda of the stockholders' general meeting the Company defines the issues of the agenda in such a way so that to avoid their different or ambiguous interpretation.

3.15. The Company provides the registration of the participants of stockholders' general meeting; this registration provides the capability to all the stockholders wishing to participate in the general meeting to come through this procedure before the general meeting beginning. The description of this procedure is stated in the Provision on the procedure of holding stockholders' general meeting.

3.16. The Company provides the rules of order of stockholders' general meeting which guarantee reasonable, equal capability to all the stockholders present at the meeting to express their opinion and ask questions on the agenda.

3.17. In order to provide the stockholders the capability of getting answers to their questions the Company commits to secure the presence of the members of the Board of directors, representatives of the executive bodies and the Company's Auditing committee at the stockholders' general meeting.

3.18. The Company tends to secure the presence of candidates to the new structure of the Company's Board of directors and the representatives of the Company's auditor at the stockholders' general meeting.

3.19. The Company tends to exclude any doubts in the correctness of totaling the results of voting and for this purpose it transfers the functions of the Company's counting commission to an independent registrar and provides the totaling of the results of voting and their disclosure before the closing of the stockholders' general meeting.

3.20. When defining the location, the date and the time of holding general meeting of stockholders the Company proceeds from the necessity to provide the stockholders with real and light capability to participate in the meeting.

#### **4. The Company's Board of directors**

4.1. The Board of directors is a joint management body of the Company carrying out general management of its activity, excluding the solution of issues referred by federal laws and the Company's Charter to the competence of stockholders' general meeting and the Company's executive body.

4.2. The basic purposes of the activity of the Board of directors are the control over ensuring the efficient management of the company's activity in order to ensure long-term, stable development of the Company, the growth of its value, protection of rights and legitimate interests of the stockholders.

4.3. The major trends of the activity of the Board of directors are:

- ◆ Strategy formulation of the Company's development and control over its implementation;
- ◆ Control over the activity of the executive bodies;
- ◆ Ensuring the efficient activity of the system of internal control and risk management;
- ◆ Ensuring the protection of stockholders' rights and also contributory influence in the settlement of corporate conflicts.

4.4. In the course of preparing and adopting the decisions the Board of directors tends to take into account the interests of labor collective, partners, creditors, local public and other interested groups of the Company.

4.5. The purposes, principles of activity, competence, operating procedures of the Board of directors, the rights and duties of the members of the Board of directors are stated in the Charter and in the Company's internal document "Provision on the Board of directors of OJSC "VolgaTelecom".

4.6. In its decisions the Board of directors proceeds from the necessity to act right in relation to all the stockholders, and may not take into account the interests of only some single group of stockholders. The Board ensures the creation of the system of identifying and settlement of potential conflicts of interests both between its members and in the activity of the executive body.

4.7. The Board of directors ensures equal conditions to all the stockholders to exercise their rights.

4.8. The Company's Board of directors holds its sessions at least once a month in accordance with the approved action plan. The sessions of the Board of directors may be held in the form of joint attendance (including by using conference call) or in the form of absentee voting. The company tends to the fact that the decisions on the most important issues of its activity, such as the approval of the Company's budget, the strategies of development, assessment of work of executive bodies and determination of remuneration of its members, recommendation of the candidate of external auditor are adopted by holding the session of the Board of directors in the form of joint attendance.

4.9. The Board of directors defines the priority trends of the Company's activity and approves the annual budget, the strategies and the programs of the Company's development, and also carries out the control over their implementation.

4.10. The Board of directors creates and maintains the necessary controls over the activity of the Management board and the General Director, including monitoring and assessment of the results of their activity as compared with the approved plans.

4.11. The Board of directors regularly assesses the activity of the Company's executive bodies, top managers and the activity of the Board of directors itself, including the development, approval and modification of the system of remuneration of the key managers.

4.12. The Board of directors tends to create a transparent system of remuneration and compensation of expenses related to execution of its functions by the Board of directors. Remuneration and compensations to the members of the Board of directors should match their contribution to the activity of the Board and to the Company's development. The information about the total amount paid as remuneration and compensations to the members of the Board of directors for the last accomplished fiscal year is reflected in the Company's annual report approved by the stockholders' general meeting and also in the issuer's quarterly reports.

4.13. The Board of directors ensures the creation of the system of financial risks management which would allow for the assessment of risks the Company faces in the course of its activity; the purpose of this system is to minimize negative implications of such risks.

4.14. The Company proceeds from the fact that the persons nominated to the structure of the Board of directors should enjoy the stockholders' confidence and have knowledge, skills and experience required for adopting the decisions on the issues related to the competence of the Board of directors and allowing for efficient execution of the functions of a member of the Company's Board of directors. The Company will tend to state in its internal documents specific requirements to the members of the Board of directors as regards the qualification, professional experience and ethical norms of their activity.

4.15. The Company tends to expand the information on the candidates to the Board of directors which is provided to the stockholders before general meeting, and in particular on such

items as professional experience and qualification of a candidate, the nature of his (her) relations with the Company, its affiliated structures and separate groups of stockholders, on availability or lack of conflict of interests of a candidate as regards his (her) election to the structure of the Board of directors.

4.16. The structure of the Board of directors should ensure its efficient operation, taking into account different interests and points of view while elaborating decisions and resolutions. Quantitative and qualitative composition of the Board of directors should conform to the legislation requirements imposed to the structure of the board of directors, in particular the correlation between executive and non-executive directors. The Company tends to the fact that outside, independent members of the Board of directors have the opportunity to make essential input into the discussion and adoption of the most important resolutions and decisions.

4.17. The major requirement of the Company to an independent director is the ability to give independent estimations of the issues under discussion, which assumes the lack of any circumstances that may affect the formation of his (her) opinion.

4.18. A member of the Board of directors meeting the following requirements is considered to be an independent director:

- not being during the last three years and not being currently an official (manager) or the Company's employee, and also an official or an employee of the management organization of the Company;
- not being an official of another company in which any official of the Company is a member of staff or rewards committee of the Board of directors;
- not being an affiliated person of an official (manager) of the Company (an official of the management organization of the Company);
- not being an affiliated person of the Company, excluding a member of the Company's Board of directors;
- not being a party under liabilities with the Company in accordance to the terms and conditions of which he (she) may acquire the property (receive cash assets) the value of which is 10% and more per cent of his (her) joint, annual income apart from receiving remuneration for participation in the activity of the Board of directors;
- not being a large contracting party of the Company (the contracting party, which has within a year effected deals with the Company in the total amount equal to 10 or more percent of the balance sheet assets of the Company);
- not being the representative of the state.

4.19. The Company requires that from time to time the independent director makes a written declaration, disclosing the information allowing for ascertaining whether he is an affiliated person in relation to the stockholders or contracting parties of the Company, and also with their affiliated persons.

4.20. The members of the Board of directors must perform the obligations they are charged with, bona fide and rationally in the Company's interests. The member of the Board of directors may not disclose and use in third party's personal interests the confidential information of the Company and insider information.

4.21. The Board of directors of the Company is elected at the General meeting of stockholders by cumulative voting, which contributes to the consideration of opinions of all stockholders, including those possessing modest block of shares (minority stockholders).

4.22. For the purpose of effective functioning of the Board of directors the Company establishes Committee on corporate governance, Staff and Rewards Committee, Committee on Budget and Investment planning. The purpose of the specified Committees is to preliminary consider the most important issues and the preparation of recommendations to the Board of directors

for making resolutions on these issues. The Board of directors may also establish other permanent or interim committees, as required, for the consideration of single or short-term issues and problems.

4.23. The procedure of sessions of the Board of directors is stipulated by the Provision on the Board of directors of the Company. The Company perfects the given procedure so that it ensures to the maximum the opportunity for the members of the Board of directors to get duly prepared to the session of the Board of directors.

## **5. The Company's executive bodies**

5.1. For the purpose of providing operative management of the Company, the Board of directors establishes joint executive body (the Management board) and appoints single executive body (General Director) of the Company. The Chairman of the Management board is in charge of the Management board and directs it, and holds the post of the General Director.

5.2. The Management board and the General Director are accountable to the Board of directors of the Company. They exercise their activity in strict conformity with the requirements of the current legislation, the Charter of the Company and the "Provision on the Management board of OJSC "VolgaTelecom", and also on the basis of the provisions of the present Code.

5.3. The competence of executive bodies of the Company is defined by the Charter of the Company. The consideration of issues beyond the limits of usual economic activity of the Company and of the issues within the limits of usual economic activity of the Company but having an important effect on the Company is referred predominantly to the competence of the joint executive body.

5.4. The General Director and the Management board of the Company admit their liabilities in relation to the stockholders and are aimed at bona fide and competent performance of obligations on the current activity management providing steady and long-term development of the Company.

5.5. At the formation of the structure of executive bodies, the Company prevents a sharer, the General Director (Corporate executive), the members of the management board or an employee of the legal entity which is the Company's competitor, from being the members of the executive bodies of the Company.

5.6. The members of the Management board, including the General Director, must avoid actions resulting or capable to result in conflicts between the interests of the Company and their own interests, and in the case of such conflict must disclose the information about this conflict to the Board of directors.

5.7. The Management board is responsible for the timely providing the members of the Board of directors with information and materials, necessary for performance of their functions, in time allowing for studying them in full.

5.8. The Management board of the Company establishes the system of internal control and monitoring of risks related to the Company's activity, with the purpose of early revelation of tendencies capable to have negative impact on the current results of activity and the realization of perspective plans of the Company's development. The Management board and the General Director submit the information about facts capable to cause the most serious risks for the Company and motions on the prevention of crisis situations related to such risks to the Board of directors.

5.9. The General Director and the members of the Management board must have high business reputation. The executive bodies of the Company in their cooperation with business associates are guided by the high standards of business ethics; follow the principles of building long-

term relations, development of interaction and mutually advantageous cooperation.

5.10. The General Director and the members of the Management board are responsible for violations of provisions on the use of confidential, official and insider information of the Company.

5.11. The remuneration of the General Director and of the members of the Management board corresponds to their participation in the Company's activity and to their role in the development of the Company. The criteria determining the amount of remuneration of the members of the Management board and the procedure of its payment are defined by the "Provision on the Management board of OJSC "VolgaTelecom" and by the resolutions of the Board of directors. The information on the total amount of remunerations paid to the members of the Management board in the last completed fiscal year is reflected in the quarterly statements of the Company.

## **6. Corporate secretary of the Company**

6.1. The main task of the Corporate secretary of the Company is to provide observance of the procedural requirements guaranteeing realization of the rights and interests of shareholders of the Company by bodies and officials of the Company.

6.2. The Corporate secretary of the Company contributes to raising the effectiveness of work of the Board of directors, to raising the level of transparency of the Company, of the effectiveness of the Company's cooperation with its stockholders and other participants of corporate relations.

6.3. The Corporate secretary of the Company is appointed to the post and dismissed by the Board of directors, and is accountable to the Board of directors. The Corporate secretary of the Company provides performance of the following functions:

- ◆ organization of preparation and holding of the General meetings of stockholders in accordance with requirements of the legislation, the Charter of the Company and "The Provision on the procedure of holding the General meeting of stockholders";
- ◆ organization of preparation and holding of the sessions of the Board of directors and of its Committees' meetings, in accordance with requirements of current legislation, the Charter of the Company, the Provision on the Board of directors and the Provisions on the Committees of the Board of directors;
- ◆ assistance to the members of the Board of directors in performance of their functions;
- ◆ providing disclosure (submittal) of information about the Company and storage of the Company's documents;
- ◆ providing duly consideration by the Company of the stockholders' applications and settlement of conflicts, concerning the violation the stockholders' rights;
- ◆ notification of the Chairman of the Board of directors of all facts preventing the observance of procedures subject to ensuring by the Corporate secretary of the Company;
- ◆ providing disclosure of information about the Company to the stockholders and interested persons.

6.4. Rights, duties, size of remuneration and responsibilities of the Corporate secretary of the Company are defined by internal documents of the Company, and also by the contract concluded by him/her with the Company. The contract is signed on behalf of the Company by the Chairman of the Board of directors of the Company.

6.5. The Corporate secretary of the Company must possess knowledge necessary for performance of his/her functions, and also enjoy confidence of shareholders and of the members of the Board of directors.

6.6. With a view of controlling the effective performance by the Corporate secretary of his/her duties, the back office of the Corporate secretary of the Company may be established.

6.7. If the Corporate secretary of the Company is not appointed, his/her functions are performed by the Secretary of the Board of directors or by corresponding structural sub-divisions of the Company.

## **7. The disclosure of information about the Company**

7.1. The Company's policy of disclosure of information about its activity is aimed at timely and full report of this information to all persons interested in receiving the information in the amount necessary for making a better decision about participation in the Company or taking other actions capable to influence the financial and economic activity of the Company.

7.2. The main principles of disclosure of information about the Company are regularity and efficiency of its submission, availability for the majority of stockholders and other interested persons, its authenticity and the completeness of its content, observance of reasonable balance between the exposure and commercial interests of the Company.

7.3. At the disclosure of information about the Company's activity, the Company provides equal treatment in relation to all groups of beneficiary of the information and prevents priority of one group of beneficiaries of the information over the others.

7.4. The Company's choice of information dissemination channels is based on the principle of providing free, clear access not connected with exorbitant charges, of the interested persons to the disclosed information.

7.5. The Company provides the disclosure of information on all essential issues of the Company's activity by satisfying the requirements established by the legislation of Russian Federation and regulations, principles of corporate governance and formed international practice.

7.6. The Company pays special attention to the disclosure of information about its property structure.

7.7. The management and competent employees of the Company submit the information at the meetings with investors and stockholders of the Company, at cooperation with rating agencies, at press conferences, and also by means of publications in the mass media, brochures and booklets. The information is also disclosed at the website of the Company in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

7.8. The Company fixes the principles of information policy in the internal document - Provision on the information policy.

7.9. The Company reports annually to the stockholders about its activity. The content of information allows the stockholders to appraise the results the Company's one year activity. The annual report contains and in particular:

- ◆ the role of the Company in the industry;
- ◆ the foreground areas of the Company's activity;
- ◆ the report of the Board of directors on the results of the Company's development in the foreground areas of its activity;
- ◆ the development prospects of the Company;
- ◆ report on the payment of declared (accrued) dividends;
- ◆ description of the main risk factors, related to the Company's activity;
- ◆ the list of deals effected by the Company in the fiscal year and considered by the legislation to be large deals and related party transaction; the essential conditions of

each deal and the body of management of the Company, which has approved each deal are to be indicated in the list;

- ◆ the structure of the Board of directors and its modifications in the fiscal year, information about the members of the Board of directors;
- ◆ information about the General Director of the Company and the members of the Management board, including their biographical data and holding of shares of the Company during the fiscal year;
- ◆ criteria of determining and the total amount of remuneration of the General Director, the members of the Management board and of the Board of directors of the Company, in accordance with the results of the fiscal year;
- ◆ information about the observance by the Company of the Code of corporate governance;
- ◆ the Company's Auditing committee certificate;
- ◆ independent auditor report.

7.10. The Company tends to the inclusion of additional information allowing the stockholders to make better decisions into its annual reports, for example: information about the number, the kind of clients and the dynamics of their modification; about the billing policy of the Company, about effecting technical policy of the Company and implementation of new technologies; the Corporate secretary's report; report on the work of the Board of directors and of the Management board; information on the stockholders' letters, applications and claims and corporate conflicts, results of reaction to them.

7.11. Taking charge of protection of official and commercial secret, the Company assumes the responsibility for non-disclosure of confidential information, and also effects control over the use of insider information. All employees of the Company are obliged to provide the protection of confidential information and to observe the rules related to the use of insider information.

## **8. Control over the financial and economic activity of the Company**

8.1. The essential goal of control over the financial and economic activity is the protection of stockholders investments and of the Company assets. In the conditions of raising effectiveness and transparency of the system of management, internal control in the Company, this aim is achieved also by introduction of the corporate information system.

8.2. One of the priorities of the system of control of the Company is the prevention, revelation and limiting of financial and operational risks.

8.3. The control over the financial and economic activity of the Company is effected by the Auditing committee and by the internal audit department. An independent auditor is also involved in the control.

8.4. The Auditing committee is elected by the General meeting of stockholders in the procedure stipulated by the current legislation and by the Charter of the Company for a period of 1 year. The Company tends to the raising of competence of the Auditing committee members and of their ability to support objective comments. The Auditing committee effects control over the financial and economic activity of the entire Company, including its branches and the representation office.

8.5. To raise the effectiveness of control over the financial and economic activity the Company effects regular internal control. The internal audit department elaborates procedures of internal control, subject to the Management board's approval.

8.6. The Board of directors effects control over the application of internal control procedures. The Board of directors effects preliminary approval of operations passing the limits

established by the Company's annual budget.

8.7. For the purpose of examination and confirmation of the correctness of the annual financial records, the Company involves annually a professional auditor, whose material interests are not connected with the Company or its stockholders.

8.8. An independent auditor of the Company is approved by the General meeting of stockholders. The terms and conditions of the contract concluded with the auditor, including the amount of payment for its services, are approved by the Board of directors of the Company.

8.9. The Board of directors of the Company effects regular control aimed at the prevention of conflict of interests in the activity of the involved independent auditor.

8.10. The independent auditor effects the audit of the financial and economic activity of the Company in accordance with legal acts of Russian Federation, on the basis of the contract concluded with it. The audit of the Company is effected in the way allowing to receive objective and full information on the Company's activity as the result of the audit.

## **9. Dividends**

9.1. The Company proceeds from the fundamental importance of ensuring the receipt by the stockholders of their share of the Company's profits in accordance with the number and categories of the shares they possess.

9.2. The dividend policy of the Company is based on the principle of rational distribution of the profit got by the Company with due account for its investment needs. The basic principle of the dividend policy of the Company is the investment of its profit only in the economically justified projects, contributing obviously to its steady and long-term development.

9.3. The resolution on the payment of annual dividends, the amount of the annual dividend and the method of its payment in respect of each category (type) of shares is passed by the General meeting of the stockholders.

9.4. The Company informs the stockholders about its dividend policy by means of placing the information in mass media and at the website of the Company in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

9.5. The dividends declared by the Company are paid only by monetary assets.

9.6. The payment of dividends is made in the terms stipulated in the Charter of the Company and by the resolutions of the General meetings of the stockholders or in shorter terms.

## **10. Settlement of corporate conflicts**

10.1. The Company attaches great importance to the timely prevention and just settlement of corporate conflicts.

10.2. In relation to the corporate conflicts the Company follows the principle of prevention of conflicts at the earliest stages of their occurring and attentive attitude towards them.

10.3. In the case of corporate conflict the Company occupies position based on the provisions of Russian Federation legislation.

10.4. If the subject of the corporate conflict is the issue referred to the competence of the Board of directors of the Company or to the competence of the single executive body, the Board of



directors establishes interim Committee on the settlement of corporate conflicts.

10.5. In the case when the corporate conflict between the stockholders of the Company is capable to affect the Company's interests or the interests of other stockholders of the Company, the body of the Company responsible for consideration of such dispute decides whether the dispute affects the Company's interests or the interests of other stockholders or not, and also whether its participation is capable to contribute to the settlement of the corporate conflict or not.

10.6. With the consent of the stockholders who are the parties of the corporate conflict, the bodies of the Company (its members) may participate in the negotiations between the stockholders, submit to the stockholders the information in their disposal and which concerns the conflict and also documents, clarify the provisions of the legislation on joint stock companies, and the provisions of the internal documents of the Company, give advisory opinions and recommendations to the stockholders, prepare the drafts of documents on the settlement of conflicts for their signing by the stockholders, on behalf of the Company and within their competence assume responsibility in relation to the stockholders in the amount which is capable to contribute to the settlement of the dispute.

10.7. In case of impossibility to settle the corporate conflict between the Company and a stockholder (a group of stockholders), between the stockholders of the Company or between the stockholders and separate bodies of management of the Company, by other means, the dispute may be transferred to the Arbitration court for consideration.

### **Final provisions**

The present Code is valid since the moment of its approval by the Board of directors.

The Board of directors at its sessions considers regularly the issues of observance of the present Code and ensures publication of information about results of consideration.

The Company will perfect the present Code in accordance with new standards of corporate governance in Russian and international practice, with due account for the interests of stockholders, of the Company and other interested groups.

Issues, not stipulated by the present Code, are regulated by the current legislation of Russian Federation, international contracts and agreements and by the Charter of the Company.

**A P P R O V E D** by  
OJSC "VolgaTelecom" Board of directors  
On September 24, 2004  
Minutes № 8 of September 27, 2004

The Chairman of the Board of directors of  
OJSC "VolgaTelecom"  
\_\_\_\_\_ E.V. Yurchenko

**Changes in the Code  
Of corporate governance  
Of OJSC "VolgaTelecom"**

**Nizhny Novgorod city  
2004**

In article 4 “The Company’s Board of directors” item 4.22. is to be stated in the wording “For the purpose of effective functioning of the Board of directors the Company establishes the Committees of the Board of directors realizing the functions for corporate governance, staff and remuneration, strategic development, audit, etc.

The Committees are designed for preliminary consideration of issues related to the competence of the Board of directors and for preparation of recommendations on them to the Board of directors”.

**SUPPLEMENT № 2 – OJSC “VolgaTelecom” internal document,  
laying down the rules on preventing the insider dealings**

APPROVED by

the decision of the Board of directors  
**of OJSC “VolgaTelecom”**  
Minutes № 35 of June 27, 2005

**PROVISION**

**On the procedure of using the information on OJSC “VolgaTelecom” activity,  
on its securities and transactions with them, the information not being accessible  
to the public and its misuse or disclosure is capable to affect materially the  
market value of OJSC “VolgaTelecom” securities**

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## **1. General provisions**

1.1. The Provision on the procedure of using the information on OJSC “VolgaTelecom” activity, on its securities and transactions with them, the information not being accessible to the public and its misuse or disclosure is capable to affect materially the market value of OJSC “VolgaTelecom” securities (hereinafter – the Provision) is the internal document of OJSC “VolgaTelecom” (hereinafter - the Company).

1.2. This Provision is aimed at regulation of using insider information and comprises:

- Definition of the insider information and the insider;
- The procedure of using insider information;
- Measures for protection of insider information against misuse.

1.3. The requirements of this Provision are applicable to all the Company’s bodies and its employees in the Company’s relations with shareholders and employees, and also with its contracting parties and government authorities, if these relations concern using the information on the Company’s activity, the Company’s securities and transactions with them, the information not being accessible to the public and its misuse or disclosure is capable to affect materially the market value of OJSC “VolgaTelecom” securities (hereinafter- insider information)

## **2. Definition of the insider information and the insider**

2.1. In this Provision by the insider information is meant:

- The Company’s information which is subject to disclosure but not disclosed according to the RF legislation on the securities market and the Company’s internal documents, in the case if its disclosure may materially affect the market value of the Company’s securities;
- Other information on the Company’s activity and its subsidiary and associated companies, on the Company’s securities, transactions with them, and the specified information not being accessible to the public and its misuse or disclosure is capable to affect materially the market value of the Company’s securities.

2.2. Natural persons and legal entities are recognized to be insiders if they have the right of access to insider information under the law, other normative legal act, duty regulations or other internal document of the Company, and also on the basis of the contract with the Company, including:

- The Board of directors’ members, the members of the Committees with the Board of directors, the members of the Company’s Auditing committee, the members of the Management board, the Company’s General Director;
- The persons performing labor, official or other professional duties for the Company, including on the basis of civil law contracts, whereby having the right of access to insider information (including auditors, specialized depositaries, professional participants of securities market);
- Heads of subsidiary and associated companies;
- Other natural persons and legal entities who have become the holders of insider information legally or illegally.

## **3. The procedure of using the insider information**

3.1. Insiders have the right to use the insider information only in the Company’s interests and in accordance with this Provision and other internal documents of the Company.

The Company's contracting parties are entitled to use the insider information which became known to them in accordance with law, other normative act and agreements with the Company.

3.2. The insiders have no right:

- To transfer the insider information or information based on it to other persons (entities) or to make such information accessible to third parties, except for the cases stipulated by RF legislation or defined by the decisions of the Company's Board of directors and the Management board;
- To give recommendations to third parties on making transactions with securities, if the recommendations are based on the specified information;
- To use the insider information in their own interests or in the interest of other persons (entities).

3.3. The members of the Company's Board of directors and its committees, Management Board, its General Director and the Company's employees having the access to the insider information are obliged to inform the Board of directors on their intention or on the intention of their close relatives to make transactions with the shares of the Company, of its subsidiary and associated companies, not later than 3 days prior to the settlement of such transactions, and also on transactions made with the specified securities. The specified obligation of persons, indicated in this item, is to be included into their duty regulations into the contract concluded with them by the Company.

3.4. The Company's employees authorized to communicate with shareholders, investors and general public in the context of performance of official duties are obliged to provide equal opportunity for all interested persons to get simultaneous access to the disclosed relevant information on the Company's activity, and also they are to take measures on denial of inadequate information, if its distribution results in causing damages to the Company and/or to its shareholders.

3.5. In case of violation of current legislation in the sphere of information disclosure, and also of the norms of this Provision, if such violation resulted in causing damages to the Company and/or its shareholders, persons and entities guilty of the specified violation and indicated in item 2.2. of this Provision may be brought to disciplinary, civil, administrative or criminal responsibility correspondingly.

#### **4. Protection of the insider information against misuse**

4.1. The Company has the right to introduce special procedures aimed to protect the insider information against misuse, to assure observance of the insider information usage procedure, including by means of excluding unauthorized access to the insider information and its usage by insiders specified in item 2.2. of this Provision; to increase the level of investors' and partners' confidence in Company.

4.2. To assure observance by insiders of insider information usage procedure the Company takes the following actions:

- Stipulates in internal documents, labor and other contracts the duties of the Company's employees and contracting parties, related to observance of insider information usage procedure, and also the measures of responsibility, and also the responsibility for the violation of the specified procedure, for the employees (violation of labor discipline), for the Company's contracting parties (violation of contractual obligations);
- To familiarize persons and entities specified in item 2.2. of this Provision with the list of



insider information;

- To familiarize the persons specified in 2.2. of this Provision with established procedure of using insider information and with liability for its violation;
- To provide insiders with conditions necessary for observance by them of established procedure of insider information usage;
- To take other actions in order to ensure the procedure of using the insider information.

4.3. For the purpose of protecting the insider information an insider is obliged:

- To obey the established procedure of using the insider information;
- Not to disclose the insider information, not to transfer it to third parties and not to use it in its own interests without the Company's consent, unless otherwise provided for by legislation, other normative acts or reasonable requirements of government and other bodies;
- Not to disclose the insider information after the termination of labor contract with the Company;
- To pay the damages caused to the Company due to violation by the specified person (entity) of the procedure of using the insider information;
- To transfer physical information carriers, containing the insider information, to the Company after termination or dissolution of labor or other contract with the Company;
- To observe other requirements concerning the insider information protection, the requirements being stipulated by law, other normative acts, the Company's Charter, this Provision, and other internal documents of the Company, and also by agreements with the Company.

## **5. Compliance with the requirements of this Provision**

5.1. The Company's executive bodies ensure reliable mechanism of preparation, coordination and control over the content and the terms of information being disclosed, the appropriate system of custody of the Company's documents, functionality and safety of informational resources.

5.2. The Company's General Director organizes control over the observance of the requirements of this Provision.

## **6. Final provisions**

6.1. Modifications and amendments in this Provision are introduced by the decision of the Company's Board of directors.

6.2. If due to modification of legislative and normative legal acts of Russian Federation some of the clauses of this Provision contradict them, the specified clauses become invalid, and the Company and other persons (entities) are guided by RF legislative and normative legal acts till the changes are introduced into the Provision.

**SUPPLEMENT № 3 – OJSC “VolgaTelecom”  
consolidated financial statement for year 2004**

**with Independent Auditor’s Report**

**Open Joint Stock Company  
“VolgaTelecom”**

**Consolidated Financial Statements**

*Year ended December 31, 2004  
with Independent Auditor’s Report*

OJSC “VolgaTelecom”  
Consolidated Financial Statements  
For the year ended December 31, 2004

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## Independent Auditors' Report

To the Shareholders and Board of Directors of OJSC "VolgaTelecom"

We have audited the accompanying consolidated balance sheet of OJSC "VolgaTelecom" (a Russian open joint-stock company - hereinafter "the Company"), as of December 31, 2004, and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in paragraph 3, we conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 "Basis of Presentation of the Financial Statements" and Note 5 "Property, Plant and Equipment", the Company has transitioned to International Financial Reporting Standards (IFRS) at January 1, 2003 and applied an exemption in IFRS 1, "First-time Adoption of International Financial Reporting Standards", which permits an entity to measure property, plant and equipment at the date of transition to IFRS at fair value and use that fair value as deemed cost. However, we were not able to satisfy ourselves as to (i) whether the carrying amounts of property, plant and equipment as at January 1, 2003 are representative of fair value; (ii) resulting depreciation expense for the years presented and (iii) the respective deferred tax balances as of the reporting dates and deferred tax expense for the years presented.

As described in Note 3 "Summary of Significant Accounting Policies", the Company has not determined and presented its obligations existing under defined benefit plans in accordance with IAS 19, "Employee Benefits". We were not able to quantify the respective adjustments to the financial statements for the years presented.

In our opinion, except for the effects on the financial statements of such adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves as to the matters referred to in paragraph 3 above, and except for the effect on the financial statements of the matter referred to in paragraph 4 above, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of OJSC "VolgaTelecom" as of December 31, 2004 and the consolidated results of its operations and its cash flows for the year then ended in conformity with International Financial Reporting Standards.

CJSC Ernst and Young Vneshaudit  
August 15, 2005

	Notes	2004	2003
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	25 603 506	20 511 639
Intangible assets and goodwill	6	2 167 468	1 312 823
Investments in associates	8	110 096	219 080
Long-term investments	9	11 252	23 619
Long-term accounts receivable and other financial assets	13	21 591	28 973
Long-term advances given	10	227 798	133 391
Deferred income tax asset	28	24 814	54 104
<b>Total non-current assets</b>		<b>28 166 525</b>	<b>22 283 629</b>
<b>Current assets:</b>			
Inventories	11	859 609	502 375
Accounts receivable	12	1 137 874	1 062 725
Other current assets	14	1 694 769	1 073 588
Cash and cash equivalents	15	422 185	327 284
<b>Total current assets</b>		<b>4 114 437</b>	<b>2 965 972</b>
<b>TOTAL ASSETS</b>		<b>32 280 962</b>	<b>25 249 601</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity:</b>			
Preference shares	17	963 366	963 366
Ordinary shares	17	2 890 324	2 890 324
Share premium, retained earnings, and other reserves		13 199 851	11 205 113
<b>Total shareholders' equity</b>		<b>17 053 541</b>	<b>15 058 803</b>
<b>Minority interest</b>	18	<b>377 213</b>	<b>345 803</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	19	4 256 346	2 495 674
Finance lease obligations	20	698 769	520 394
Deferred revenue		237 491	217 720
Deferred income tax liability	28	1 021 603	1 011 110
Other non-current liabilities		95 313	77 860
<b>Total non-current liabilities</b>		<b>6 309 522</b>	<b>4 322 758</b>
<b>Current liabilities:</b>			
Accounts payable, accrued expenses and advances received	21	2 592 453	2 145 616
Payables to Rostelecom	33	110 965	47 144

Taxes payable	22	<b>845 050</b>	742 145
Dividends payable	32	<b>28 487</b>	21 535
Short-term borrowings	19	<b>2 801 307</b>	1 640 368
Current portion of long-term borrowings	19	<b>1 816 704</b>	604 320
Current portion of finance lease obligations	20	<b>345 720</b>	321 109
<b>Total current liabilities</b>		<b>8 540 686</b>	5 522 237
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>32 280 962</b>	25 249 601

	Notes	2004	2003
<b>Revenues</b>	24	20 966 543	<b>16 726 138</b>
<b>Operating expenses</b>			
Wages, salaries, other benefits and payroll taxes		(6 735 501)	(5 258 632)
Depreciation and amortization	5,6	(2 584 675)	(2 022 383)
Loss on disposal of property, plant, and equipment		(78 269)	(112 350)
Materials, repairs and maintenance, utilities		(1 787 512)	(1 545 113)
Taxes other than income tax		(461 666)	(272 769)
Interconnection charges		(2 472 250)	(1 928 276)
Provision for impairment of receivables	12	(599 653)	(517 077)
Other operating expenses	25	(2 010 144)	(1 533 362)
<b>Total operating expenses</b>		<u>(16 729 670)</u>	<u>(13 189 962)</u>
<b>Operating profit</b>		<u>4 236 873</u>	<u>3 536 176</u>
Share of result of associates	8	72 549	<b>107 359</b>
Interest expense, net	26	(643 958)	<b>(398 511)</b>
Gain (loss) from sales of subsidiaries, associates and other investments	27	88 144	(46 125)
Foreign exchange loss, net		<b>(14 291)</b>	(60 388)
<b>Profit before income tax and minority interest</b>		<u>3 739 317</u>	<u>3 138 511</u>
<b>Income tax</b>	28	<u>(1 167 257)</u>	<u>(1 030 215)</u>
<b>Profit before minority interest</b>		2 572 060	2 108 296
<b>Minority interest</b>	18	<u>(93 063)</u>	<u>(111 267)</u>
<b>Net profit</b>		<u>2 478 997</u>	<u>1 997 029</u>
<b>Basic and diluted earnings per share (Russian Rubles)</b>	29	7,56	6,09

	Notes	2004	2003
<b>Cash flows from operating activities:</b>			
Profit before income tax and minority interest		3 739 317	3 138 511
<b>Adjustments for:</b>			
Depreciation and amortization	5,6	2 584 675	2 022 383
Loss on disposal of property, plant and equipment		78 269	112 350
Provision for impairment of receivables	12	599 653	517 077
Share of result of associates	8	(72 549)	(107 359)
(Gain)/loss from sale of subsidiaries, associates and other investments	27	(88 144)	46 125
Interest expense, net	26	643 958	398 511
Foreign exchange gain, net		14 291	60 388
<b>Operating cash flows before working capital changes</b>		<b>7 499 470</b>	<b>6 187 986</b>
Increase in accounts receivable		(662 830)	(724 767)
Decrease (increase) in other current assets		(621 181)	34 708
Increase in inventories		(352 798)	(17 435)
Increase in accounts payable and accrued expenses		542 094	89 659
Increase in taxes payable		104 839	167 327
<b>Cash flows generated from operations</b>		<b>6 509 594</b>	<b>5 737 478</b>
Interest paid		(535 186)	(389 820)
Income tax paid		(1 005 204)	(945 473)
<b>Net cash flows from operating activities</b>		<b>4 969 204</b>	<b>4 402 185</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(6 577 511)	(3 620 146)
Purchase of intangible assets		(207 780)	(716 950)
Proceeds from sales of property, plant and equipment		99 245	16 869
Acquisition of subsidiaries and purchase of minority interest		(249 891)	(924 840)
Disposal of subsidiaries		177 686	-
Proceeds from disposal of investments and other financial assets		222 309	-
Interest received		9 825	13 089
Dividends received		38 232	4 129
<b>Net cash flows used in investing activities</b>		<b>(6 487 885)</b>	<b>(5 227 849)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from promissory notes		396 160	400 000
Repayment of promissory notes		(832 037)	-
Proceeds from borrowings		7 542 718	2 504 274
Repayment of borrowings		(4 007 279)	(1 658 067)
Proceeds from debt securities issued		37 428	988 106
Repayment of finance lease obligations		(485 308)	(284 220)
Repayment of vendor financing obligations		(613 289)	(633 482)
Proceeds from other non-current liabilities		-	11 895
Dividends paid		(424 811)	(329 091)
<b>Net cash flows from financing activities</b>		<b>1 613 582</b>	<b>999 415</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>-</b>	<b>(61 330)</b>
<b>Net increase in cash and cash equivalents</b>		<b>94 901</b>	<b>112 421</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>327 284</b>	<b>214 863</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>422 185</b>	<b>327 284</b>



	<b>Share capital</b>				
	<b>Notes</b>	<b>Preference shares</b>	<b>Ordinary shares</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>At December 31, 2002</b>	<b>2</b>	963 366	2 890 324	9 805 524	13 659 214
Net profit for the year		–	–	1 997 029	1 997 029
Purchase of minority interest	<b>7</b>	–	–	(276 445)	(276 445)
Dividends	<b>30</b>	–	–	(320 995)	(320 995)
<b>At December 31, 2003</b>		963 366	2 890 324	11 205 113	15 058 803
Net profit for the year		–	–	<b>2 478 997</b>	<b>2 478 997</b>
Purchase of minority interest	<b>7</b>	–	–	(57 370)	(57 370)
Dividends	<b>30</b>	–	–	(426 889)	(426 889)
<b>At December 31, 2004</b>		<b>963 366</b>	<b>2 890 324</b>	<b>13 199 851</b>	<b>17 053 541</b>

## 1. General Information

### Authorization of Accounts

The consolidated financial statements of OJSC “VolgaTelecom” and its subsidiaries – (hereinafter “the Company” or OJSC “VolgaTelecom”) for the year ended December 31, 2004 were authorized for issue by the General Director of the Company on August 15, 2005.

### The Company

The Company is an open joint stock company incorporated in accordance with the laws of the Russian Federation.

Open joint-stock company Svyazinvest, a federal holding company majority-owned by the Russian Federation, owns 51% of the Company’s ordinary shares.

The Company’s principal activity is providing local, long-distance and cellular telephone services on the territory of Povolzhie region. Other types of activity of the Company include production of telecommunication equipment and its technical support.

The average number of employees in the Company in 2004 was approximately 50,000 persons (in 2003 – 52,000).

The registered office of the Company is in the city of Nizhny Novgorod (the Russian Federation), Dom Svyazi, Maxim Gorky sq.

### Tariff Setting

Under the Russian antimonopoly legislation, the Company is considered a monopolist for fixed line telecommunication services. As a result, tariffs charged by the Company are set by federal authorities. Tariffs charged to the Company by Rostelecom (the primary provider of domestic long distance and international telecommunication services in the Russian Federation, which is also controlled by Svyazinvest) are also subject to state regulation, thus creating a cross-subsidization mechanism.

### Liquidity and Financial Resources

As of December 31, 2004, the Company's current liabilities exceeded its current assets by approximately 4,426,249 (2003 – 2,556,265). As a result, there may be some doubt about the Company's ability to attract further financing and to pay its existing debts as they fall due.

Примечание [Y1]: Recalculated

Примечание [Y2]: Recalculated

To date, the Company has significantly relied upon short-term and long-term financing to fund the improvement of its telecommunication network. This financing has historically been provided through bank loans, bonds, vendor financing, and finance lease.

## 1. General Information (continued)

### Liquidity and Financial Resources (continued)

Through 2005, the Company anticipates funding from a) cash generated from operations; b) bonds placement at domestic market; c) financing from domestic and international lending institutions. Management also expects to continue to be able to delay payment for certain operating costs to manage its working capital requirements if necessary.

If needed, management believes that certain projects may be deferred or curtailed in order to fund the Company's current operating needs.

## **2. Basis of Presentation of the Financial Statements**

### **Basis of Preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company has transitioned to IFRS at the beginning of the earliest period presented in these financial statements (January 1, 2003) using the provisions of IFRS 1, “First-time Adoption of International Financial Reporting Standards”, which is effective for periods starting on or after January 1, 2004. IFRS 1 applies to first-time adopters of IFRS including companies that previously applied some, but not all IFRS, and disclosed this fact in its most recent financial statements. The Company's previous financial statements disclosed that management made certain estimates and assumptions to present the carrying value of fixed assets which did not comply with historical cost as defined by IAS 16, “Property, plant, and equipment”.

The Company has applied an exemption permitted by IFRS 1 which allows an entity to measure property, plant, and equipment at the date of transition to IFRS at fair value and use that fair value as deemed cost.

Management estimates that the carrying value of all of the Company's property, plant and equipment is broadly comparable to their fair values. However, management intends to engage an independent appraiser to support these fair values and as a result, the reported carrying amount of property, plant and equipment may be adjusted.

The Company has also applied the exemption permitted by IFRS 1 which allows an entity to recognize all cumulative actuarial gains and losses at the date of transition even if the corridor approach is used for latter actuarial gains and losses.

Further the Company did not apply the provision of IAS 19 “Employee benefits” and as such did not account for defined benefit obligations. However the Company has engaged an actuary to assess the pension obligation and as a result, the defined benefit obligation will be recorded in subsequent periods.

### **Basis of Presentation of the Financial Statements (continued)**

#### **Accounting for the Effect of Inflation**

Prior to January 1, 2003 the characteristics of the economic environment of the Russian Federation indicated the existence of hyperinflation. Non-monetary assets and liabilities acquired prior to December 31, 2002 (except for the property, plant and equipment, for which fair values as at January 1, 2003 have been used as deemed cost), and share capital transactions occurring before December 31, 2002, have been restated in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies” by applying the relevant conversion factors to the historical cost through December 31, 2002.

#### **Management Estimates**

The preparation of financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates with regard to those financial statements relate to the valuation and useful lives of property, plant and equipment, deferred taxation and accounts receivable provision, as discussed in Notes 5, 12 and 28.

## Reconciliation of Equity and Net Profit Reported under Previous GAAP and under IFRS

Shareholders' equity and net income are reconciled between previous Generally Accepted Accounting Principles (GAAP) and IFRS as follows:

	Shareholders' equity as at December 31, 2003	Net profit for the year ended December 31, 2003	Shareholders' equity as at January 1, 2003
<b>Previous GAAP as reported</b>	<b>14 991 936</b>	<b>1 792 540</b>	<b>13 574 139</b>
- preference dividends reversal	200 941	–	147 193
- interconnection charges reversal, net of tax effect	70 977	10 630	60 347
- minority interest correction	–	120 175	(120 175)
<b>Previous GAAP as restated</b>	<b>15 263 854</b>	<b>1 923 345</b>	<b>13 661 504</b>
Goodwill amortization	39 522	39 522	–
Fair value revaluation of fixed assets, intangible assets and other assets and liabilities in subsidiaries, net of tax effect	31 872	34 162	(2 290)
Purchase of minority interest (Note 7)	(276 445)	–	–
<b>International Financial Reporting Standards</b>	<b>15 058 803</b>	<b>1 997 029</b>	<b>13 659 214</b>

The previous GAAP refers to the Company's prior year financial statements, in which the Company applied some, but not all, IFRS as described above.

### 3. Summary of Significant Accounting Policies

#### 3.1 Principles of Consolidation

##### Subsidiaries

The consolidated financial statements include financial statements of subsidiaries, the entities in which the Company has an interest of more than one half of the voting rights, or otherwise has power to exercise control over its operations. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between parent and/or subsidiary companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Financial statements of OJSC "VolgaTelecom" and its subsidiaries, based on which the consolidated financial statements are prepared, are based on unified accounting policy.

##### Acquisition of Subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of purchase consideration over the fair value of the Company's share of identifiable net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the Company's share of identifiable net assets of the subsidiary acquired the difference is recognized directly in the statement of operations.

#### Minority Interest

Minority interest is the interest in subsidiaries not held by the Company. Minority interest at the balance sheet date represents the minority shareholders' portion of the fair values of identifiable assets and liabilities of the subsidiary at the acquisition date, and the minorities' portion of movements in equity since the date of the combination. Minority interest is presented separately from liabilities and shareholders' equity.

#### Acquisition of Minority Interest in subsidiaries

The difference between the cost of the additional interest in a subsidiary and the minority interest's share of the assets and liabilities is reflected in the consolidated statement of shareholders' equity at the date of the purchase of the minority interest as a charge to retained earnings. The Company does not remeasure the assets and liabilities of the subsidiary to reflect their fair values at the date of the transaction.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.1 Principles of Consolidation (continued)**

##### *Investments in Associates*

Associates are entities in which the Company generally owns between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost including goodwill. Subsequent changes in the carrying value reflect the post acquisition changes in the Company's share of net assets of the associate. The Company's share of its associates' profits or losses is recognized in the statement of operations and its share of movements in reserves is recognized in equity. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate the Company does not recognize further losses, unless the Company is obligated to make further payments to, or on behalf of, the associate.

Unrealized gains on transactions between the Company and its associated undertakings are eliminated to the extent of the Company's interest in the associated undertakings; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **3.2 Investments**

The Company classified its investments into the following categories: held-to-maturity and available-for-sale. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for the cases when they are to be recovered within 12 months after the reporting date.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management of the Company determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the settlement date, which is the date that the investment is delivered to or by the Company. All investments are initially recognized at cost, being the fair value of the consideration given and including transaction costs.

### 3. Summary of Significant Accounting Policies (continued)

#### 3.2 Investments (continued)

Available-for-sale investments are carried at fair value. A gain or loss arising from a change in the fair value of an available for sale investment is recognized directly in equity until the investment is sold, collected or otherwise disposed of, or until it is determined to be impaired. Upon disposal, cumulative gain or loss previously recognized as a component of equity is included in the statement of operations.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

#### 3.3 Foreign Currency Transactions

The measurement and presentation currency of the Company is the Russian Ruble, which is the national currency of the Russian Federation. Transactions in foreign currencies are initially recorded in the measurement currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the measurement currency rate of exchange ruling at the balance sheet date. All resulting differences are taken to the consolidated statement of operations as foreign exchange gains (losses). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

Assets and liabilities settled in Rubles but denominated in foreign currencies are recorded in the Company's consolidated financial statements using the same principles as for assets and liabilities denominated in foreign currencies.

The exchange rates as of December 31, 2004 and 2003 were as follows:

Currency	2004	2003
Russian Rubles per US dollar	27,75	29,45
Russian Rubles per Euro	37,81	36,82
Russian Rubles per Japanese yen	0,27	0,28

#### 3.4 Property, Plant and Equipment

Property, plant and equipment are recorded at purchase or construction cost less accumulated depreciation and any impairment in value. For the property, plant and equipment acquired prior to January 1, 2003, fair values as at January 1, 2003 have been used as deemed cost (refer to Note 2) in accordance with the exemption provided in IFRS 1.

### 3. Summary of Significant Accounting Policies (continued)

#### 3.4 Property, Plant and Equipment (continued)

Depreciation is calculated on a straight-line basis. The depreciation periods, which approximate the estimated useful economic lives of the respective assets, are as follows:

Buildings and Constructions	50 years
Analog switches	20 years
Digital switches	15 years
Other telecommunication equipment	10 years
Transportation equipment	5 years
Computers, office and other equipment	3 years
Land	not depreciated

For the purposes of disclosure, property, plant and equipment are aggregated into the following groups:

Land, buildings and constructions;

Switches and transmission devices;

Construction in progress and equipment for installation;

Other assets, in which computers, vehicles and other equipment are included.

The period of validity of the Company's operating licenses is significantly shorter than the useful lives used for depreciation of the cost of property, plant and equipment. Based on the Russian licensing legislation and prior experience, management believes that the operating licenses will be renewed without significant cost, which would allow the Company to realize the cost of its property, plant and equipment through normal operations.

Construction in progress is recorded as the total of actual expenditures incurred by the Company from the beginning of construction to the reporting date. Depreciation begins when fixed assets are put into operation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, interest costs on such borrowings, as well as interest costs on borrowings obtained specifically to finance construction of property, plant and equipment, are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalized and the assets replaced are retired. Gains and losses arising from the retirement of property, plant and equipment are included in the statement of operations as incurred.

IAS 36 "Impairment of Assets" requires that the recoverable amount of an asset, including property, plant and equipment, should be estimated whenever there is an indication that the assets may be impaired.



### **3. Summary of Significant Accounting Policies (continued)**

#### **3.4 Property, Plant and Equipment (continued)**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of operations.

#### **3.5 Intangible Assets**

##### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired subsidiary/associated undertaking at the date of acquisition. Goodwill on an acquisition of a subsidiary is classified as intangible assets. Goodwill on an acquisition of an associate is included in the investments in associates. Goodwill is not amortized but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that carrying amount may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

The excess of the fair value of the Company's share of the net assets acquired over the cost of acquisition is recognized in the statement of operations.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.5. Intangible Assets (continued)**

##### Other Intangible Assets

The Company measured GSM licenses at the date of transition to IFRS at the fair value and used that fair value as deemed cost at that date.

Other intangible assets are capitalized at cost.

Licenses and software are depreciated on a straight-line basis over the estimated useful life equal to the term of license or of the right to use the software. Useful life of other intangible assets is 10 years.

##### Impairment of Intangible Assets

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and, when impaired, the asset is written down immediately to its recoverable amount. Intangibles with indefinite lives and those not ready for use are tested for impairment annually or more frequently if events or changes in circumstances indicate that carrying amount may be impaired

#### **3.6 Inventories**

Inventories, which are mainly comprised of cable, materials, spare parts for telecommunications equipment and goods for resale, are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventory is determined on the weighted average basis.

#### **3.7 Accounts Receivable**

Accounts receivable are stated at original invoice amount, less provision made for impairment of these receivables. A provision for impairment of trade receivables and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Accounts that are individually significant are assessed for uncollectability and recognized individually. Uncollectability is measured and recognized on a portfolio basis for accounts of similar customers that are not individually identified as doubtfully recoverable.

The amount of the provision is recognized in the statement of operations.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.8 Value-Added Tax**

The tax regulations permit the settlement of sales and purchases value added tax (VAT) on a net basis.

Value added tax receivable

VAT recoverable relates to purchases which have not been settled at the balance sheet date. VAT receivable is reclaimable against sales VAT upon payment for the purchases.

Value added tax payable

Value added tax payable comprises the following: 1) VAT related to sales, which is payable to tax authorities upon collection of receivables from customers net of VAT on purchases which have been settled at the balance sheet date; 2) VAT related to sales which have not been settled at the balance sheet date (VAT deferred). Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT deferred liability is maintained until the debtor is written off for tax purposes.

#### **3.9 Cash and Cash Equivalents**

Cash and cash equivalents represent cash on hand and in the Company's bank accounts, as well as cash deposits and short-term investments with original maturities of three months or less.

#### **3.10 Borrowings**

Borrowings are initially recognized at cost, being the fair value of the consideration received, net of transaction costs incurred. In subsequent periods, borrowings are measured at amortized cost using the effective interest rate method; any difference between the fair value of the consideration received (net of transaction costs) and the redemption amount is recognized as interest expense over the period of the borrowings.

#### **3.11 Leases**

Finance leases of equipment that transfer substantially all the risks and rewards incidental to ownership of the leased item to the Company are capitalized at the inception of the lease at the market value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to interest expense.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.11 Leases (continued)**

Capitalized leased assets are depreciated using the straight-line method over the estimated useful life of the asset like other fixed assets within the same class, with consideration of the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of operations on a straight-line basis over the lease term.

### **3.12 Pensions and Other Post-Employment Benefits**

#### Unified social tax

Under provisions of the Russian legislation, social contributions are made through a unified social tax (“UST”) calculated by the Company by the application of a regressive rate (from 35.6% to approximately 18%) to the annual gross remuneration of each employee. The Company allocates the UST to three social funds (state pension fund, social and medical insurance funds), where the rate of contributions to the pension fund vary from 28% to 14% depending on the annual gross salary of each employee.

The Company’s contributions relating to the UST are expensed in the year to which they relate.

#### Other pension plans and post-employment benefits

Under collective bargaining agreements and internal regulations on additional pension benefits, the Company also provides benefits for its employees by using post-employment benefit plans. The majority of the Company’s employees are eligible to participate under such post-employment benefit plans based upon a number of factors, including years of service, age, and compensation.

Post-employment benefit plans include defined contribution plans and defined benefit plans.

Defined contribution plan is a post-employment benefit plan under which the Company's obligation is limited solely to the amount of a contribution it agrees to pay into a fund. In this case all actuarial and investment risks will be borne by employees. The Company recognizes contributions under a defined contribution plan in the period to which they are attributable.

Under defined benefit plans, the Company’s obligation is to provide the agreed benefits to current and former employees. In this case actuarial and investment risks fall on the Company.

## **3. Summary of Significant Accounting Policies (continued)**

### **3.13 Deferred Income Tax**

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.,

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted (or substantively enacted) at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

### **3.14 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

### **3.15 Shareholders' Equity**

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognized as a share premium.

## **3. Summary of Significant Accounting Policies (continued)**

### **3.15 Shareholders' Equity (continued)**

Dividends

Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorized for issue.

### **3.16. Revenue**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

The Company categorizes the revenue sources in thirteen major categories:

1. Long distance telephone calls - domestic;
2. Long distance telephone calls - international;
3. Local telephone calls;
4. Installation and connection fees;
5. Documentary services;
6. Cellular services;
7. Radio and TV broadcasting;
8. Data transfer and telematics services;
9. New services;
10. Rent of telephone channels;
11. Services for national operators;
12. Other telecommunications services;
13. Other revenues.

#### Long distance calls (domestic and international)

Revenues from long distance services depend on time of call, duration of call, destination of call, type of service used, subscriber category and the applied rate plan. Customers of the Company use the service via installed fixed telephone; as well the service could be accessed by means of pay-phone. The Company charges long distance fees on a per-minute basis. The Company recognizes revenues related to the long distance services in the period when the services are rendered.

#### Local telephone calls

Revenue from the local telephone services depends on the duration of the telephone connections and subscription fee, while time driven billing scheme is applied. If fixed payment scheme is applied then revenue depends on the subscription fee only. Customers of the Company use the service via installed fixed telephone; as well the service could be accessed by means of pay-phone. The Company recognizes revenues related to the monthly network fees for local services in the month the service is provided to the subscriber.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.16. Revenue (continued)**

##### Installation and connection fees

Installation and connection fees for indefinite period contracts are paid by a combination of a fixed cash amount and by the contribution of fixed assets consisting of cable and duct, commonly referred to as the "last mile". Revenue received in the form of cash is recognized when the installation and connection are complete. For installation and connection fees paid in the form of fixed assets, revenue is deferred and recognized into income on the same basis that the fixed assets are depreciated

##### Documentary services

Revenues from telegraph services comprise fees for telegram transmissions and other wire line data transmission services. The Company recognizes revenues related to telegraph services in the period when the services are rendered.

##### Cellular services

Major revenues from cellular services arise from airtime services including local, intercity long distance and international long distance calls, subscription fees, value added services, outbound and inbound roaming. The Company recognizes revenues related to mobile telecommunications services in the period when the services are rendered.

##### Radio and TV broadcasting

The Company maintains a wireline radio broadcasting network. The revenues comprise monthly fees from subscribers and installation fees for wireline radio sets. The Company recognizes the revenues related to radio broadcasting in the period when the services are rendered.

##### Data transfer and telematics services

The Company recognizes revenues related to data transfer and telematics services in the period when the services are rendered.

##### New services

Major revenues from new services include internet services, ISDN, IP-telephony, intelligent network services. The Company recognizes revenues related to new services in the period when the services are rendered.

##### Rent of telephone channels

Major revenues are recognized from the following services: rent of intercity and international, digital, analogue, and telegraph channels. The Company recognizes revenues from the rent of channels in the period when the services are rendered.

### **3. Summary of Significant Accounting Policies (continued)**

### **3.16. Revenue (continued)**

Services for national operators

Revenue from national service providers includes two different groups.

The first group of revenues represents services rendered to OJSC "Rostelecom" for termination of long-distance traffic of its operators-partners in the network of the Company.

In 2003 the Ministry of the Russian Federation for antimonopoly policy and entrepreneurial support (MAP) has conducted a reform of the settlements system of multi regional OJSC "Svyazinvest" Companies with the OJSC "Rostelecom" for transit of intercity long-distance traffic. Till August 1, 2003 revenue calculation has been based on the integral settlement rate, multiplied on the total number of minute-distances (transfer of 1 minute of traffic on 50 kilometers interval of OJSC "Rostelecom"'s network), transferred through the period.

Integral settlement rate has been calculated as a sum of linear settlement rate between zones and a difference between inbound and outbound termination settlement rates of the regional Companies. The rate has been calculated and agreed by the MAP once per year according to traffic statistics of previous year, thus it has not reflected real economical benefits and costs related to changes of the incoming and outgoing structure of the traffic in the current settlement period.

In August 2003 new and more transparent inter-operators settlement system for intercity traffic has been introduced. New system separates payments of regional operators for the transfer of intercity traffic in OJSC "Rostelecom"'s network and termination of the traffic in the zone, where outgoing intercity call of own subscriber reaches its destination, and payments for the termination of the incoming intercity traffic from other operators in the own network of the Company.

Calculation of the costs for the transit of intercity traffic is based on the new settlement rate, that is equal to the sum of linear settlement rate multiplied by the quantity of 50 kilometers intervals between zones, using the termination settlement rate for the zone where the calls is terminated. Revenue calculation for the transit of intercity traffic from the OJSC "Rostelecom"'s to the customers of the regional OJSC "Svyazinvest"'s company is based on the termination settlement rates. New rates have been defined by the order of the MAP dated July 4, 2003.

The second group of revenues from national operators represents services rendered to interconnected telecom operators that transfer local, intercity and international traffic of their customers via network of the Company.

Major revenues are recognized from the services for transit of local, intercity and international traffic. Further, the Company generates revenue from interconnection to the network (one time fees), rent of channels, rent of equipment, data transfer and Internet services.

The Company recognizes revenues from national operators in the period when the services are rendered.

### **3. Summary of Significant Accounting Policies (continued)**



### **3.16. Revenue (continued)**

#### Other telecommunication services

Other telecommunication services primarily consist of revenues received by public switched telephone network (PSTN) stations from the rent of direct lines and local junctions, as well as subscription fees for wired-radio outlets. The Company recognizes revenues related to other services in the period when the services are rendered.

#### Other revenues

Other revenues primarily consist of revenues received from manufacturing of the telecommunication equipment and its technical support, transportation services, recreation services and sale of products and services provided by auxiliary units.

### **3.17 Commitments**

A commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Significant commitments are disclosed.

Assets to be acquired and liabilities to be incurred as a result of the Company's commitment to purchase or sell goods or services are not recognized until at least one of the parties has performed under the agreement such that it either is entitled to receive an asset or is obligated to disburse an asset.

### **3.18 Contingencies**

Contingent liabilities are not recognized in the financial statements as it is not probable that a liability will need to be settled or the outcome to determine whether a liability exists is dependant on a future event. They are disclosed in the accompanying notes unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are not recognized in the financial statement but disclosed when an inflow of economic benefits is probable.

### **3.19 IFRS 3 'Business Combinations', IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets'**

The company has chosen an early adoption of IFRS 3, IAS 36 and IAS 38 with provisions of these standards to be applied to business combinations for which the agreement date was on or after January 1, 2003.

#### 4. Segment Information

	2004				2003			
	Fixed line	Mobile	Intercompany eliminations	Total for the Company	Fixed line	Mobile	Intercompany eliminations	Total for the Company
<b>REVENUE</b>								
Sales to third parties	18 628 219	2 736 677	(398 353)	20 966 543	14 893 218	2 077 025	(244 105)	16 726 138
Inter-segment sales	(350 122)	(48 231)	398 353	–	(244 105)	–	244 105	–
<b>Total revenue</b>	<b>18 278 097</b>	<b>2 688 446</b>	<b>–</b>	<b>20 966 543</b>	<b>14 649 113</b>	<b>2 077 025</b>	<b>–</b>	<b>16 726 138</b>
Segment result	3 467 963	768 910	–	4 236 873	2 797 786	738 390	–	3 536 176
Unallocated corporate expenses	–	–	–	–	–	–	–	–
<b>Operating profit</b>				<b>4 236 873</b>				<b>3 536 176</b>
Share of result of associates				72 549				107 359
Interest expense, net				(643 958)				(398 511)
Gain (loss) from sale of subsidiaries, associates and other investments				88 144				(46 125)
Foreign exchange gain, net				(14 291)				(60 388)
Income tax				(1 167 257)				(1 030 215)
Minority interest				(93 063)				(111 267)
<b>Net profit</b>				<b>2 478 997</b>				<b>1 997 029</b>

#### 4. Segment Information (continued)

	2004				2003			
	Fixed line	Mobile	Intercompany eliminations	Total for the Company	Fixed line	Mobile	Intercompany eliminations	Total for the Company
<b>OTHER INFORMATION</b>								
Segment assets	29 656 339	2 559 539	(69 826)	32 146 052	<b>21 952 837</b>	3 023 580	–	24 976 417
Investments in associates				<b>110 096</b>				219 080
Unallocated corporate assets				<b>24 814</b>				54 104
<b>Consolidated total assets</b>				<b>32 280 962</b>				<b>25 249 601</b>
Segment liabilities	(12 392 028)	(1 506 403)	69 826	(13 828 605)	<b>(7 652 610)</b>	(1 181 275)		(8 833 885)
Unallocated corporate liabilities				<b>(1 398 816)</b>				(1 356 913)
<b>Consolidated total liabilities</b>				<b>(15 227 421)</b>				<b>(10 190 798)</b>
Capital expenditure	6 938 434	1 054 559		7 992 993	<b>4 334 951</b>	<b>732 970</b>		<b>5 067 921</b>
Depreciation and amortization	<b>2 279 741</b>	<b>304 934</b>		<b>2 584 675</b>	1 787 597	234 786		2 022 383
Other non-cash expenses (provision for impairment of receivables)	<b>583 118</b>	<b>16 535</b>		<b>599 653</b>	494 087	22 990		517 077

#### 4. Segment Information (continued)

The Company provides fixed line and mobile telecommunication services. Management believes that the Company operates in one geographical segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables, and operating cash and exclude income tax assets. Segment liabilities primarily comprise operating liabilities, loans and leasing liabilities and exclude items such as deferred tax liabilities and other liabilities pertaining to the Company as a whole.

Capital expenditure comprises additions to property, plant and equipment. Provisions relate only to those charges made against allocated assets.

#### 5. Property, Plant and Equipment

	Land, buildings and constructions	Switches and transmission devices	Construction in progress and equipment for installation	Vehicles and other	Total
<b>Cost</b>					
At December 31, 2003	9 397 798	9 317 555	1 338 461	2 443 002	22 496 816
Additions	–	–	7 992 993	–	7 992 993
Additions due to acquisition of subsidiaries	–	7 481	–	–	7 481
Disposals	(95 410)	(75 126)	(10 296)	(61 804)	(242 636)
Disposals due to sale of subsidiaries	(72 800)	(96 262)	(40 322)	(10 059)	(219 443)
Transfers	3 038 062	3 439 274	(7 551 922)	1 074 586	–
<b>At December 31, 2004</b>	<b>12 267 650</b>	<b>12 592 922</b>	<b>1 728 914</b>	<b>3 445 725</b>	<b>30 035 211</b>
<b>Accumulated Depreciation</b>					
At December 31, 2003	(470 480)	(1 124 166)	–	(390 531)	(1 985 177)
Charge for the year	(551 538)	(1 444 350)	–	(526 022)	(2 521 910)
Disposals	7 751	29 263	–	11 982	48 996
Disposals due to sale of subsidiaries	5 144	14 803	–	6 439	26 386
<b>At December 31, 2004</b>	<b>(1 009 123)</b>	<b>(2 524 450)</b>	<b>–</b>	<b>(898 132)</b>	<b>(4 431 705)</b>
<b>Net book value as of December 31, 2003</b>	<b>8 927 318</b>	<b>8 193 389</b>	<b>1 338 461</b>	<b>2 052 471</b>	<b>20 511 639</b>
<b>Net book value as of December 31, 2004</b>	<b>11 258 527</b>	<b>10 068 472</b>	<b>1 728 914</b>	<b>2 547 593</b>	<b>25 603 506</b>

The net book value of property, plant and equipment, which were received on vendor financing terms, amounted as of December 31, 2004 to 1,503,318 (2003 – 1,428,608).

Примечание [Y3]: See K-600

Примечание [Y4]: See K-600

## 5. Property, Plant and Equipment (continued)

The net book value of plant and equipment held under finance leases at December 31, 2004 is 1,675,050 (2003 – 1,202,206). Leased assets are pledged as security for the related finance lease obligations (see Note 20).

Примечание [Y5]: See K-105

Примечание [Y6]: Agreed to PY report

In 2004, the Company increased construction in progress by the amount of capitalized interest totaling 183,613 (2003 – 131,178). Capitalization rate in 2004 was 12%.

Примечание [Y7]: See Q-221

Примечание [Y8]: Agreed to PY

Bank borrowings are secured by properties with the carrying value as of December 31, 2004 of approximately 8,918,000 (2003 – 5,361,000) (see Note 19).

Примечание [Y9]: See Q-221

Примечание [Y10]: See K-600

The net book value of property plant, plant and equipment which were subject to joint ownership as of December 31, 2004 amounted to 81,256 (2003 – 78,133).

Примечание [Y11]: See K-600

## 6. Intangible Assets

	Goodwill	Licenses	Software	Other	Total
<b>Cost</b>					
At December 31, 2003	323 811	167 055	737 074	125 577	1 353 517
Additions	–	14 325	901 833	306	916 464
Additions due to acquisition of subsidiaries	1 286	–	19	–	1 305
Disposals	–	–	(2 557)	(120)	(2 677)
Disposals due to sale of subsidiaries	–	–	(202)	–	(202)
<b>At December 31, 2004</b>	<b>325 097</b>	<b>181 380</b>	<b>1 636 167</b>	<b>125 763</b>	<b>2 268 407</b>
<b>Accumulated amortization</b>					
At December 31, 2003	–	(13 937)	(16 072)	(10 685)	(40 694)
Charge for the year	–	(17 490)	(32 294)	(12 981)	(62 765)
Disposals	–	–	2 495	12	2 507
Disposals due to sale of subsidiaries	–	–	13	–	13
<b>At December 31, 2004</b>	<b>–</b>	<b>(31 427)</b>	<b>(45 858)</b>	<b>(23 654)</b>	<b>(100 939)</b>
<b>Net book value at December 31, 2003</b>	<b>323 811</b>	<b>153 118</b>	<b>721 002</b>	<b>114 892</b>	<b>1 312 823</b>
<b>Net book value at December 31, 2004</b>	<b>325 097</b>	<b>149 953</b>	<b>1 590 309</b>	<b>102 109</b>	<b>2 167 468</b>

Goodwill arose on the acquisition of CJSC “Transsvyaz” on August 20, 2004 (see Note 7).

## 6. Intangible Assets (continued)

### Oracle E-Business Suite

As of December 31, 2004 software includes Oracle E-business Suite software with a gross book value of 845,558 (2003 – 684,616), including interest capitalized of 76,934 (2003 – nil). In accordance with the supply contract, the Company has been provided with non-exclusive licenses for 13,029 users of E-business Suite 2003 Professional among other license applications.

**Примечание [Y12]:** Agreed to amount per RAS explanatory note plus IFRS interest capitalized

**Примечание [Y13]:** Agreed to PY Q221

The Company will commence amortizing the value of the mentioned software from the date of its implementation, proportionally to the quantity of licenses used, over useful life of the licenses. Until then the Company annually tests this software for impairment.

Full implementation of Oracle E-Business Suite software is expected to be between 2005 and 2008.

Advances given to acquire Oracle E-Business Suite software in the amount of 44,293 are included in “Long-term advances given” (see Note 10).

### Amdocs Billing Suite

As of December 31, 2004 software also includes Amdocs Billing Suite software with a gross book value of 645,579 (2003 – nil). This software was purchased for the purpose of the implementation of unified automated settlements system. The project of implementation of the unified automated settlements system is expected to last 4-5 years.

**Примечание [Y14]:** Agreed to RAS explanatory note

The Company’s Board of Directors approved the purchase of Amdocs Billing Suite software on November 22, 2004.

**Примечание [Y15]:** Agreed to RAS Explanatory note

Amdocs Billing Suite software was supplied in December 2004 by LLC IBM Eastern Europe/Asia, in exchange for zero coupon promissory notes in the amount of 755,662. Repayment of promissory notes issued is expected to be exercised by June 1, 2006.

**Примечание [Y16]:** RAS expl. Note

The Company will commence amortizing this asset from the date of software implementation. Until then the Company annually tests this software for impairment.

The Company’s management believes that the carrying values of goodwill, Oracle E-business Suite software and Amdocs Billing Suite software are recoverable as of December 31, 2004 and 2003.

As of December 31, 2004 licenses mainly included GSM 900 licenses with net book value 149,953 (2003 – 153,118). The Company measured GSM licenses at the date of transition to IFRS at fair value and used that fair value as deemed cost at that date. The remaining useful life of licenses is approximately about 8 years.

## 7. Consolidated Subsidiaries

The consolidated financial statements include the assets, liabilities and financial results of OJSC “VolgaTelecom” and its subsidiaries, whose main activity is providing cellular and other telecommunication services. These subsidiaries are Russian legal entities registered in accordance with Russian regulations. The subsidiaries are listed below:

Subsidiary	Main Activity	Ownership, %		Voting Shares	
		2004	2003	2004	2003
CJSC “Nizhegorodskaya Sotovaya svyaz” (NCC)	Cellular services (GSM-900)	100	100	100	100
CJSC “Tsifrovye Telecommunicatsii”	Local telephone network services	100	100	100	100
CJSC “TeleSvyazInform”	Cable and air TV services	100	100	100	100
LLC Russian-American SP “Izhcom”	Data transmission and telematics services	100	51	–	–
LLC “Vyatka-Page”	Paging services	91	91	–	–
CJSC “Transsvyaz”	Local telephone network services	80	40	80	40
CJSC “Omrix”	Local telephone network services	74	42	74	42
CJSC “Puls Radio Ioshkar-Iola”	Radio services	61	61	61	61
CJSC “Ulyanovsk –GSM”	Cellular services (GSM-900)	60	51	60	51
CJSC “Sotovaya svyaz Mordovii”	Cellular services (GSM-900)	60	60	60	60
CJSC “Orenburg GSM”	Cellular services (GSM-900)	51	51	51	51
LLC “RadioResonans”	Radio services	51	51	–	–
OJSC “Tatincom-T”	Cellular services (GSM-900)	50+	50+	50+	50+
CJSC “Narodny Telephone Saratov”	Cellular services (CDMA)	1 share	1 share	1 share	1 share
CJSC “Nizhegorodskiy radiotelephone”	Cellular services (CDMA)	50+	50+	50+	50+
CJSC “Chery - Page”	Local telephone network services	1 share	1 share	1 share	1 share
CJSC “Vyatskaya sotovaya svyaz”	Paging services	50	50	50	50
LLC “Vyatskaya sotovaya svyaz”	Paging services	50	50	50	50
LLC “Udmurtskie sotovye seti - 450”	Cellular services (NMT-450)	–	51	–	–
	Cellular services (NMT-450)	–	100	–	–

In March 2003, the Company acquired minority interests of 50% in CJSC “Nizhegorodskaya Sotovaya Svyaz” for cash consideration of 20 million US dollars (approximately 641,000) and became 100% owner of this entity. The difference between the cost of the additional interest in the subsidiary and the minority interest’s share of the assets and liabilities in total amount of 276,445 was reflected as an equity transaction.

In September 2003 the Company acquired 50%+1 share in OJSC “Tatincom-T” for consideration of 15.6 million US dollars (approximately 474,000).



## 7. Consolidated Subsidiaries (continued)

The Company's management has assigned the acquisition price for the 50%+1 share in OJSC "Tatincom-T" as follows:

Acquisition price	454 656
Transaction costs	19 280
<b>Total paid</b>	<b>473 936</b>
Assigned value of identifiable assets and liabilities:	
Property, plant and equipment, net	437 783
Intangible assets, net	102 886
Accounts receivable	78 837
Cash and cash equivalents	8 628
Other current assets	133 747
Current liabilities	(213 273)
Long-term liabilities	(248 358)
<b>Total net assets</b>	<b>300 250</b>
Company's share in acquired net assets	50%
Assigned value of acquired share in identifiable net assets	150 125
<b>Amount of goodwill at December 31, 2003, net</b>	<b>323 811</b>

On January 15, 2004 the Company acquired additional 31.2% of ordinary voting shares of OJSC "Omrix" for cash consideration 406 and obtained control over this entity (increased its share to 74%). The fair value of OJSC "Omrix"'s identifiable assets, liabilities and contingent liabilities approximated the book values. The difference between the cost of the acquisition and the acquired share of the assets and liabilities constituted the amount of 27 (see also Note 8).

On July 16, 2004 the Company acquired additional 40% of ordinary shares of CJSC "Transsvyaz" for cash consideration 3,990 and obtained control over this entity (increased its share to 80%). The fair value of CJSC "Transsvyaz"'s identifiable assets, liabilities and contingent liabilities approximated the book value. The difference between the cost of the acquisition and the acquired share of the assets and liabilities constituted the amount of 1,259 (see also Note 8).

On September 27, 2004 the Company acquired 9% minority interest in CJSC "Ulyanovsk-GSM" for cash consideration 62,115 (increased its share to 60%). The difference between the cost of the additional interest in the subsidiary and the minority interest's share of the assets and liabilities in the amount of 42,915 was reflected as an equity transaction.

On May 18, 2004 the Company acquired all minority interest in LLC Russian-American SP "Izhcom" for cash consideration 23,266 and became 100% owner of this entity. The difference between the cost of the additional interest in the subsidiary and the minority interest's share of the assets and liabilities in total amount of 14,455 was reflected as an equity transaction.

## 7. Consolidated Subsidiaries (continued)

Disposal of shares in subsidiaries for 2004 is presented below:

Name	Main activity	Carrying amount of net assets disposed	Sale/disposal of share in equity on the date of transaction, %	Proceeds from sale
------	---------------	--	--	--------------------

LLC Vyatskaya sotovaya svyaz”	Cellular services (NMT-450)	33 205	51	45 698
LLC “Udmurtskie sotovyе seti – 450”	Cellular services (NMT-450)	89 863	100	134 170
<b>Total</b>		<b>123 068</b>		<b>179 868</b>

Profit / loss on sale of shares in subsidiaries is presented in Note 27.

## 8. Investments in Associates

Investments in associates at December 31, 2004 and 2003 comprised the following:

Associate	Activity	As of December 31, 2004		As of December 31, 2003	
		Voting shares	Carrying value	Voting shares	Carrying value
CJSC “Tsifrovye Seti Udmurtii-900”	Cellular services (GSM-900)	–	–	49%	120 320
CJSC “Samara Telecom”	Local telephone network services	28%	77 695	28%	64 583
CJSC “Transsvyaz”	Local telephone network services	–	–	40%	1 196
OJSC “Telesot”	Local telephone network services	32%	10 248	32%	9 093
ACB “S-Bank”	Banking services	42%	16 596	42%	16 944
OJSC “Omrix”	Local telephone network services	–	–	42%	508
Other	Cellular and telephone services	40%-49%	5 557	20%-49%	6 436
<b>Total</b>			<b>110 096</b>		<b>219 080</b>

All the above companies are Russian legal entities registered in accordance with the Russian legislation, and have the same financial year as the Company.

## 8. Investments in Associates (continued)

The Company has investments in the following associates whose net assets are negative as of December 31, 2004 and 2003:

Name	Activity	Voting share, %	Net assets as of December 31,	
			2004	2003
CJSC “Saratov-Mobile”	Cellular services (AMPS)	50%	(75 537)	(51 089)
CJSC “Chuvashiya Mobile”	Cellular services (AMPS)	30%	(2 251)	(53 824)

Disposal of shares in associates for 2004 is presented below:

Associate	Main activity	Carrying value of	Sale/disposal of	Proceeds from
-----------	---------------	-------------------	------------------	---------------

		associate	share in equity on the date of transaction, %	sale
CJSC "Sotel-NN"	Cellular services (NMT-450)	–	20%	17 883
CJSC "Tsifrovye Seti Udmurtii-900"	Cellular services (GSM-900)	178 294	49%	186 729
<b>Total</b>		<b>178 294</b>		<b>204 612</b>

The share of income from CJSC "Tsifrovye Seti Udmurtii" for the period beginning January 1, 2004 to the date of disposal was 57,975.

Примечание [Y17]: See H-200

Gain from sale of shares in associates is presented in Note 27.

Movement in investments in associates for the years ended December 31, 2004 and 2003 is presented below:

	2004	2003
<b>Investments in associates at January 1</b>	219 080	111 721
Share of income net of income tax, net of dividends received	72 549	107 359
Effect of consolidation as a result of acquisition of control	(3 239)	–
Sale of investments in associates	(178 294)	–
<b>Investments in associates at December 31</b>	<b>110 096</b>	219 080

The carrying value of investments in associates shown in these consolidated financial statements is equivalent to the Company's share in the net assets of the associated company, except for investments in CJSC "Saratov-Mobile", and CJSC "Chuvashiya Mobile". For these latter associates the carrying amounts of the investments were reduced to zero considering that such associates reported accumulated losses exceeding the cost of the respective investments.

## 9. Long-term investments

As of December 31, 2004 and 2003, the Company's investments comprised the following:

	2004	2003
<b>Long-term investments available-for-sale</b>	<b>11 252</b>	23 619

As of December 31, 2004 and 2003 financial investment available-for-sale comprised the following:

Company	2004		2003	
	Carrying value	Ownership interest	Carrying value	Ownership interest
ZAO "RusLeasingSvyaz"	12 293	7,7%	12 293	7,7%
OAO "Promstroybank"	7 496	0,7%	7 496	0,7%
OAO "Alfa Bank" promissory notes	2 583	–	2 583	–
OAO "Svyaz-bank"	3 987	2,1%	3 987	2,1%
OAO "Sberbank RF"	803	0,00061%	803	0,00061%

OA0 "Ayar"	443	0,23%	443	0,23%
ZAO "TeleRoss-Samara"	990	10,0%	990	10,0%
TOO "Raduga-Poisk"	3 079	10,0%	3 079	10,0%
"Union-Card"	402	15,0%	402	15,0%
ZAO "Reg-time"	570	18,0%	570	18,0%
OA0 "ONEXIM-Volga"	–		14 806	8,0%
OA0 "Mordovpromstroibank"	–		5 051	6,0%
Regional trade centre "Myza"	–		6 081	3,0%
Others	1 803		4 133	
Impairment provision	(23 197)		(39 098)	
<b>Total</b>	<b>11 252</b>		<b>23 619</b>	

## 10. Long-Term Advances Given

As of December 31, 2004 and 2003 long-term advances given to suppliers of equipment comprised the following:

	<u>2004</u>	<u>2003</u>
Advances given for capital constructions	183 505	133 391
Acquisition of Oracle E-Business Suite software (Note 6)	44 293	–
Total	<u>227 798</u>	<u>133 391</u>

## 11. Inventories

Inventories at December 31, 2004 and 2003 comprised the following:

	<u>2004</u>	<u>2003</u>
Cable, materials and spare parts for telecommunications equipment	592 913	<b>290 957</b>
Finished goods and goods for resale	39 226	33 920
Other inventories	<b>227 470</b>	177 498
<b>Total</b>	<b>859 609</b>	502 375

## 12. Accounts Receivable

Accounts receivable as of December 31, 2004 and 2003 comprised the following:

	<u>2004</u>	<u>2003</u>
Trade receivables – telecommunication services	2 449 797	<b>1 823 256</b>
Provision for impairment of receivables	<b>(1 311 923)</b>	(760 531)
<b>Total</b>	<b>1 137 874</b>	1 062 725

The Company identified accounts receivable for telecommunication services by the following major customer groups:

	<u>2004</u>	<u>2003</u>
Residential customers	800 840	<b>678 171</b>
Corporate customers	406 215	<b>399 574</b>
Government customers, including tariff compensation from the state budget	<b>1 242 742</b>	745 511
<b>Total</b>	<b>2 449 797</b>	1 823 256

The Company invoices its governmental and corporate customers on a monthly basis. For residential customers, the Company sends monthly payment requests and substantially relies upon these customers to remit payments based on the received payment requests. All customer payments are based upon tariffs, denominated in rubles, in effect at the time the calls are made. In certain cases the Company managed to collect penalties for payment delays and to enforce reimbursement in arbitration court.

Prior to January 2005, telecommunication services provided to privileged customers, which are individuals that the government has agreed to provide certain benefits, was compensated 50% by the state budget and the other 50% paid by the privilege subscribers themselves.

Article 47 of the Federal Law “On Telecommunications” No. 126-FZ dated July 7, 2003 is effective starting from 2005, which amends the rules on providing telecommunication services to privileges

customers. Starting from January 2005 telecommunication customers with the right of privileges are obliged to pay for telecommunication services in full with the subsequent reimbursement of their expenses by the state budget. However, in 2005 state budget does not provide for financing of the remaining debt of social security organizations to compensate expenses related to granting privileges to certain category of subscribers in the previous periods.

## 12. Accounts Receivable (continued)

As of December 31, 2004 debt of social security organizations with regard to compensation of expenses related to granting privileges to certain category of subscribers amounted to 44% of total accounts receivable (2003 - 32%).

**Примечание [ТТ18]:** Acc. 6202 from EP as related to gross AR

In 2004 the Company collected from federal budget accounts receivable of 221,878. In December 2004, based on assessment of probability of judicial recovery of accounts receivable related to compensation due from social security organizations, the Company has accrued provision for impairment of receivables of 1,071,065 representing 100% of total receivables from social security organizations as of December 31, 2004.

As of December 31, 2004 and 2003, long-term accounts receivable and other financial assets included:

	<u>2004</u>	<u>2003</u>
<b>Balance at January 1</b>	<b>760 531</b>	243 454
Provision (recovery) for the year	<b>599 653</b>	517 077
Trade receivables write-off	<b>(44 681)</b>	-
Provision disposal due to sale of subsidiary	<b>(3 580)</b>	-
<b>Balance at December 31</b>	<b><u>1 311 923</u></b>	<u>760 531</u>

## 13. Long-Term Accounts Receivable and Other Financial Assets

As of December 31, 2004 and 2003, long-term accounts receivable and other financial assets included:

	<u>2004</u>	<u>2003</u>
Long-term accounts receivable	<b>3 308</b>	4 346
Long-term loans given to employees	<b>18 283</b>	24 627
<b>Total</b>	<b><u>21 591</u></b>	<u>28 973</u>

## 14. Other Current Assets

As of December 31, 2004 and 2003 other current assets comprised the following:

	<u>2004</u>	<u>2003</u>
VAT receivable	1 128 487	693 093
Prepaid income tax	42 203	59 606
Prepayments and advance payments	151 638	104 065
Deferred expenses	106 449	97 278
Short-term loans given	3 743	5 026
Other prepaid taxes	31 702	18 358
Settlements with personnel	23 286	23 958
Other	207 261	72 204
<b>Total</b>	<b>1 694 769</b>	<b>1 073 588</b>

## 15. Cash and Cash Equivalents

As of December 31, 2004 and 2003 cash and cash equivalents comprised the following:

	<u>2004</u>	<u>2003</u>
Cash at bank and on hand	420 990	278 480
Short-term deposits with maturity up of three months	182	47 075
Cash equivalents	1 013	1 729
<b>Total cash and cash equivalents</b>	<b>422 185</b>	<b>327 384</b>

## 16. Significant Non-Cash Transactions

In 2004 the Company received telecommunication equipment under leasing terms in the amount of 593,878 (in 2003 – 709,823).

During 2004 the Company purchased Amdocs Billing Suite for 721,394. This purchase was financed through issuance of promissory notes with maturity in 2005 – 2006.

Gross book value of property, plant and equipment, which were received on vendor financing terms in 2004, amounted to 400,849 (2003 – 512,197).

Non-cash transactions above have been excluded from the consolidated statement of cash flows.

**Примечание [Y19]:** Agreed to K130

**Примечание [Y20]:** Agreed to PY

**Примечание [Y21]:** Agreed to G-13 (RAS)

**Примечание [Y22]:** Recalculated (see worksheet "workings" in Cash Flow file)

## 17. Share Capital

As at December 31, 2004 and 2003 the authorized numbers of ordinary and preference shares were 245,969,590 and 81,983,404, respectively.

All shares have a par value of 5 Rubles. The difference between the total par value and the total carrying value of share capital represents the effects of inflation in periods prior to January 1, 2003.

Type of share	Number of outstanding shares (thousands)	Par value per one share (rubles)	Total par value	Carrying value
Ordinary	245 970	5	1 229 848	2 890 324
Preference	81 983	5	409 917	963 366
<b>Total</b>	<b>327 953</b>		<b>1 639 765</b>	<b>3 853 690</b>

The ordinary shareholders are entitled to one vote per share. Class A preference shares give the holders the right to participate in general shareholders' meetings without voting rights except in instances where decisions are made in relation to re-organization and liquidation of the Company, and in relation to changes and amendments to the Company's charter which restrict the rights of preference shareholders. The preference shares have no rights of redemption or conversion but carry non-cumulative dividends per share of 10% of the Russian accounting net income for the year. If the Company fails to pay the above mentioned dividends, or has no profits in any year, the preferred shareholders have the right to vote in the general shareholders' meeting.

## 17.Share Capital (continued)

Annual amount of dividends on preference shares class A may not be less than dividends on ordinary shares. The preference shareholders share in earnings along with ordinary shareholders. Accordingly the preference shares are considered participating shares for the purpose of the calculation of earnings per share (Note 29).

In October 1997 the Company registered Level 1 American Depositary Receipts (ADR). Each ADR represents 2 shares of common stock of the Company. As at December 31, 2003 the Company has 12,757,592 ADR equal to 25,515,184 ordinary shares that represent 10.37% of ordinary shares and 7.78% of the Charter Capital. During 2004 the Company registered additional 4,900,278 ADR equal to 9,800,556 ordinary shares. As at December 31, 2004 the Company has 17,657,870 ADR equal to 35,315,740 ordinary shares that represent 14.36% of ordinary shares and 10.77% of the Charter Capital.

Dividends were declared in 2004 in respect of 2003 to holders of ordinary shares and preference shares of Ruble 0.9186 per ordinary share (2003 – Ruble 0.7066 per ordinary share) and Ruble 2.4510 per preference share (2003 – Ruble 1.7954 per preference share).

In accordance with the Russian legislation, dividends may only be declared to the shareholders of the Company from net income as shown in the Company's Russian statutory financial statements. The Company reported net income of 2,056,268 and 2,001,256 in its statutory financial statements in 2004 and 2003, respectively.

The Company's shareholding structure as of December 31, 2004 was as follows:

	Ordinary shares		Preference shares		Total
	Number (thousands)	%	Number (thousands)	%	Number (thousands)
OJSC "Svyazinvest"	124 634	50,67	–	–	124 634
Other legal entities	71 523	29,08	56 116	68,45	127 639

Примечание [Y23]: Agreed to PY

Примечание [Y24]: Recalculated

Примечание [Y25]: Recalculated

Примечание [Y26]: Recalculated

Примечание [Y27]: Footed

Примечание [Y28]: Footed

Примечание [Y29]: Recalculated

Примечание [Y30]: Recalculated

Примечание [Y31]: See T10

Примечание [Y32]: Agreed to PY

Примечание [Y33]: See T10

Примечание [Y34]: Agreed to PY

Примечание [Y35]: RAS report

Примечание [Y36]: RAS report



ADR Holders	35 316	14,36	–	–	35 316
Individuals	14 497	5,89	25 867	31,55	40 364
<b>Total</b>	<b>245 970</b>	<b>100</b>	<b>81 983</b>	<b>100</b>	<b>327 953</b>

## 18. Minority Interest

The movements of minority interest for the years ended December 31, 2004 and 2003 were as follows:

	<b>2004</b>	<b>2003</b>
<b>Minority interest as of January 1</b>	<b>345 803</b>	464 504
Minority interest in subsidiaries acquired	<b>3 113</b>	150 124
Dividends paid to minority shareholders	<b>(4 874)</b>	(2 758)
Acquisition of minority interests	<b>(28 011)</b>	(367 008)
Minority interests in current year income	<b>93 063</b>	111 267
Minority interest in subsidiaries disposed	<b>(31 881)</b>	(10 326)
<b>Minority interest as of December 31</b>	<b>377 213</b>	345 803

## 19. Borrowings

As of December 31, 2004 and 2003 borrowings comprised the following:

	<b>Interest rate</b>	<b>Maturity date</b>	<b>2004</b>	<b>2003</b>
<b>Short-term borrowings</b>				
<b>Bank loans:</b>				
Bank loans (Rubles)	10-13,5%	2005	<b>2 522 522</b>	811 502
Bank loans (US Dollars)	5%	2005	<b>25 734</b>	17 726
Bank loans (Euro)	9%	2005	<b>168 743</b>	191 239
<b>Total bank loans</b>			<b>2 716 999</b>	1 020 467
<b>Accrued interest on bonds (Rubles)</b>				
		2005	<b>57 328</b>	80 777
<b>Vendor financing:</b>				
Vendor financing (Rubles)	6 - 11%	2005	<b>1 704</b>	–
Vendor financing (US Dollars)	6,5 - 8%	2005	<b>66</b>	30 408
Vendor financing (Euro)	6,8 – 7,35%	2005	<b>21 455</b>	92 308
Vendor financing (Japanese yen)	5,91%	2005	<b>3 755</b>	2 696

<b>Total vendor financing</b>			<b>26 980</b>	125 412
<b>Promissory notes (Rubles)</b>	13%	2005	–	413 712
<b>Total short-term borrowings</b>			<b>2 801 307</b>	1 640 368

## 19. Borrowings (continued)

	Interest rate	Maturity date	2004	2003
<b>Long-term borrowings</b>				
<b>Bank loans:</b>				
Bank loans (Rubles)	7-14%	2005-2009	<b>3 578 169</b>	1 314 093
Bank loans (Euro)	6,5-9%	2005-2007	<b>178 586</b>	355 397
<b>Total bank loans</b>			<b>3 756 755</b>	1 669 490
<b>Bonds (Rubles)</b>	13,67%	2006	<b>1 000 000</b>	1 000 000
<b>Vendor financing:</b>				
Vendor financing (Rubles)	6-11%	2005-2006	<b>260 206</b>	52 112
Vendor financing (US Dollars)	6,5-8%	2005-2007	<b>105 707</b>	172 058
Vendor financing (Euro)	6,8-7,35%	2005-2006	<b>251 152</b>	206 334
<b>Total vendor financing</b>			<b>617 065</b>	430 504
<b>Promissory notes (Rubles)</b>	6%	2005-2006	<b>699 230</b>	–
Less: Current portion of long-term borrowings			<b>(1 816 704)</b>	(604 320)
<b>Total long-term borrowings</b>			<b>4 256 346</b>	2 495 674

As of December 31, 2004 short-term borrowings included interest payable in the amount of 171,477 (2003 – 182,697).

**Примечание [У37]:** Agreed to RST\_main acc. 521 66 20 and 521 66 30

As of December 31, 2004 bank loans are secured by property, plant and equipment with the carrying value of approximately 8,918,000 (2003 – 5,361,000).

**Примечание [У38]:** Agreed with K-600

As of December 31, 2004, long-term borrowings had the following maturity schedule:

Maturity date	Bank loans	Bonds	Vendor financing	Promissory notes	Total
2005	910 525	–	447 414	458 765	1 816 704
2006	269 116	1 000 000	165 980	240 465	1 675 561
2007	388 114	–	3 671	–	391 785

2008	709 000	–	–	–	709 000
2009	1 480 000	–	–	–	1 480 000
<b>Total</b>	<b>3 756 755</b>	<b>1 000 000</b>	<b>617 065</b>	<b>699 230</b>	<b>6 073 050</b>

The Company's borrowings are denominated in the following currencies:

	2004 г.	2003 г.
Russian Rubles	7 679 017	3 672 196
US dollars	571 651	220 192
Euro	619 935	845 278
Japanese yen	3 754	2 696
Total	8 874 357	4 740 362

## 19. Borrowings (continued)

The Company has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

### Short-term Loans

#### Bank Loans

Most of short-term borrowings denominated in Rubles represent bank loans received to finance working capital. Most of these loans are collateralized with telecommunications equipment.

#### Sberbank

Short-term borrowings from Sberbank mostly represent ruble denominated loans received in 2003 - 2004. The agreements terminate in 2005. The loans attract interest at 10-13.5%. As of December 31, 2004, the outstanding amount was 889,886. The loans are collateralized with property, plant and equipment valued at 1,389,783.

Примечание [Y39]: Agreed to breakdown of loans Q-500

Примечание [Y40]: Q-500

#### International Moscow Bank

In November 2003, the Company entered into a loan agreement with International Moscow Bank. The total amount of 500,623 was outstanding as of December 31, 2004. Interest is accrued at 11.25 - 12% per annum. The loan matures in February 2005. The loan is collateralized with property, plant and equipment valued at 2,253,578.

Примечание [Y41]: Agreed to Q-500 (breakdowns of loans)

Примечание [Y42]: RAS expl. note

Примечание [Y43]: Amount per RAS expl. Note multiplied by effective inflation index recalculated on K-600

#### Borskyi Commercial Bank

In October 2004, the Company entered into a loan agreement with LLC Borskyi Commercial Bank. The total amount of 15,000 was outstanding as of December 31, 2004. Interest is accrued at 13% per annum. The loan matures in October 2005. The loan is collateralized with property, plant valued at 31,845.

Примечание [Y44]: Agreed to RAS explanatory note

Примечание [Y45]: RAS expl. note

Примечание [Y46]: Recalculated as described above (Sberbank)

#### *Vneshtorgbank*

The Company's short-term borrowings from OJSC "Vneshtorgbank" are represented by promissory notes loans signed in 2004. Amount outstanding as of December 31, 2004 is 900,000. Loans terminate in 2005. Discount on these notes ranged from 10 to 11%. The loans are not secured.

Примечание [Y47]: Agreed to RAS explanatory note

Примечание [Y48]: RAS expl. note

#### *Sarovbusinessbank*

The Company's short-term borrowings from OJSC "Sarovbusinessbank" are represented by promissory notes loan repayable in 2005. Amount outstanding as of December 31, 2004 is 200,000. The loan attracts interest at 10% per annum. The loan is not secured.

Примечание [Y49]: Agreed to RAS explanatory note

Примечание [Y50]: RAS expl. note

## 19. Borrowings (continued)

### *Short-term Loans (continued)*

#### Vendor Financing

##### *Alkatel*

In 2001-2004 the Company entered into several agreements with Alkatel under which Alcatel delivered and installed telecommunication equipment. The related liability is denominated in Euro and US dollar. Part of these loans bears interest at 3.5-6 % per annum. Non-interest bearing loans as at December 31, 2004 were reported at the present value of future payments under the agreements using a discount factor of 6.8%, which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods and denominated in Euro. The amount outstanding as of December 31, 2004 is 11,478.

Примечание [Y51]: Agreed to Q-500 breakdown of loans

##### *IskraTel*

In 2001-2002 the Company entered into agreements with IskraTel in the total amount of 3,057 thousand Euro. The agreements are non-interest bearing. The liability as of December 31, 2004 was reported at the present value of the future payments under the agreements using a discount factor of 7%, which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2004 is 16,389.

Примечание [Y52]: Agreed to Q-500 breakdown of loans

#### Vendor Financing (continued)

##### *Huawei*

In 2001-2004 the Company entered into several agreements with Huawei in the total amount of 11,783 thousand US dollar. These agreements are non-interest bearing. The agreements do not provide for

interest payments thus the amount of liability as at December 31, 2004 was reported at the present value of future payments under the agreements using a discount factor of 6.5% which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2004 is 9,789.

Примечание [Y53]: Agreed to Q-500 (breakdown of loans)

#### *NPO ATS*

In 2004 the Company entered into two agreements with NPO ATS denominated in USD for delivery of telecommunication equipment. The agreements do not provide for interest payments thus the amount of liability as at December 31, 2004 was reported at the present value of future payments using a discount factor of 6.5%, which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2004 is 19,948.

Примечание [Y54]: Agreed to Q-500 (breakdown of loans)

## 19. Borrowings (continued)

### *Long-term Borrowings*

#### Bank Loans

##### *Sberbank*

Long-term borrowings from Sberbank mostly represent ruble denominated loans received in 2003-2004. The agreements terminate on 2006-2008. The loans attract interest at 12-13.5%. As of December 31, 2004, the outstanding amount was 3,231,018. The loans are secured with property, plant and equipment valued at 6,194,611.

Примечание [Y55]: Agreed to breakdown of loans (Q500)

Примечание [Y56]: See Q500

##### *Vnesheconombank*

In 1995-1996, the Ministry of Finance of the Russian Federation (hereinafter, "the Ministry") provided long-term financing to the Company to purchase telecommunications equipment from various foreign vendors. Vnesheconombank acted as the agent on behalf of the Government of Russian Federation. Liabilities are denominated in Euro. As of December 31, 2004, the outstanding amount was 310,335, including 112,274 of current portion and 168,291 of interest. The interest under these agreements is accrued at floating rate Plafond C, which in 2004 approximated 6.50 %, plus 2 % per annum. The loan is not secured.

Примечание [TT57]: LT 29,770; St part of LT 112,274 and 168,291 interest payable

##### *AK Bars*

In October 2003 the Company entered into a loan agreement with OJSC "AK Bars" totaling to 185,000. The loan attracts interest at 14% per annum. As of December 31, 2004, the outstanding amount was 124,958. This agreement terminates on October 2006. The loan is secured with property, plant and equipment valued at 421,164.

##### *International Moscow Bank*

In August 2004, the Company entered into a loan agreement with International Moscow Bank. The total amount of 39,508 was outstanding as of December 31, 2004. The loan attracts interest at 13.5% per annum. The loan matures in August 2006. The loan is secured with property, plant and equipment valued at 81,250.

### **Promissory Notes**

Amdocs Billing Suite software was supplied in December 2004 by IBM Eastern Europe/Asia, in exchange for which the Company issued dollar denominated promissory notes in the amount of 721,394 of which 480,929 is due in 2005 and 240,465 is repayable in 2006.

## **19. Borrowings (continued)**

### ***Long-term Borrowings (continued)***

#### **Bonds**

On February 2003, the Company registered the issue of 1,000,000 interest-bearing bonds, series VT-1, par value of 1,000 Rubles each. The bonds have 12 quarterly coupons. Coupon interest rate is set at 13.67% per annum. The bonds mature in 1,096 days from the date of issue.

The bonds provided put option which terminated on February 24, 2004. The bonds holders did not require the Company to redeem the bonds.

#### **Vendor Financing**

##### *Alkatel*

The Company's long-term liabilities to Alcatel Sel AG are represented by the amounts payable for the telecommunication equipment under contracts signed in 2004 and totaling to 267,621. The amounts payable under these agreements are denominated in Euro. The agreements bear an interest rate of 3.5%. Equipment received under these agreements is pledged to the supplier until the final payment is made.

##### *Siemens AG*

In 1997-2001 the Company entered into several agreements with Siemens AG totaling to 5,460 thousand Euro, under which Siemens AG delivered telecommunication equipment to the Company. The amounts payable under these agreements are denominated in Euro. The loans under the agreements attract interest at 6% per annum. Amount outstanding as of December 31, 2004 is 19,081.

##### *BETO-Huawei*

In 2004 the Company entered into several agreements with Beto-Huawei denominated in USD, under which it delivered telecommunication equipment to the Company. This agreement doesn't provide for interest payments thus the amount of liability as at December 31, 2004 was reported at the present value of future payments using a discount factor of 6.5%, which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2004 was 141,259.

In April 1999 the Company entered into agreement with Metrosvyaz Limited totaling 3,370,000 USD under which Metrosvyaz Limited delivered telecommunication equipment to the Company. This agreement doesn't provide for interest payments thus the amount of liability as at December 31, 2004 was reported at the present value of future payments using a discount factor of 11%, which approximates a weighted average interest rate on the Company's interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2004 was 99,262.

## 20. Finance Lease Obligations

The Company has finance lease contracts for telecommunication equipment. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments as of December 31, 2004 and 2003 are as follows:

	2004		2003	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Current portion	531 944	345 720	510 111	321 109
2 to 5 years	934 075	698 769	717 399	520 394
<b>Total minimum lease payments</b>	<b>1 466 019</b>	<b>1 044 489</b>	1 227 510	841 503
Less amounts representing finance charges	(421 530)		(386 007)	
<b>Present value of minimum lease payments</b>	<b>1 044 489</b>	<b>1 044 489</b>	841 503	841 503

In 2004 and 2003, the Company's primary lessors were OJSC RTC-Leasing and LLC Promsvyazleasing. In 2004, the effective interest rate on lease liabilities ranged from 17.5% to 39% per annum (2003 - from 21% to 39%).

OJSC RTC-Leasing purchases telecommunication equipment from domestic and foreign suppliers and provides such equipment to the Company under finance lease agreements. The Company's obligations under finance leases to OJSC RTC-Leasing as of December 31, 2004 amounted to 929,232 (2003 - 622,444).

OJSC RTC-Leasing is entitled to adjust the lease payment schedule in the event of a change in certain economic conditions, in particular, a change in the refinancing rate of the Central Bank of the Russian Federation.

Примечание [ТТ58]: Udmurt iya

Примечание [ТТ59]: Ulyano vsk

Примечание [Y60]: Agreed to PY

Примечание [ТТ61]: CY - from N-210, PY - from PY report

As of December 31, 2004 finance lease obligations denominated in foreign currency, mainly US dollars, amounted to 12,819 (2003 – 73,879).

**Примечание [ТТ62]:** See Client's reply to comments on the network for calculated amounts,

## 21. Accounts Payable, Accrued Expenses and Advances Received

As of December 31, 2004 and 2003, the Company's accounts payable and other current liabilities comprised the following:

	2004	2003
Accounts payable for capital investments	1 266 486	831 568
Advances received from subscribers	501 773	455 021
Trade accounts payable	358 955	194 394
Salaries and wages	366 046	314 291
Accounts payable on acquisition of subsidiaries	–	184 042
Other accounts payable	99 193	166 300
<b>Total</b>	<b>2 592 453</b>	<b>2 145 616</b>

59,128 and 20,571 included in trade payables as of December 31, 2004 and 2003, respectively, are denominated in foreign currency, mainly Euro.

**Примечание [ТТ63]:** From EPS acc. 60 03 02, 60 03 06, 60 09 02

## 22. Taxes Payable

As of December 31, 2004 and 2003, taxes payable comprised the following:

	2004	2003
Value-added tax	565 540	459 286
Profits tax	114 098	6 913
Property tax	102 282	44 763
Sales tax	81	41 339
Unified social tax	45 789	125 239
Other taxes	17 260	64 605
<b>Total</b>	<b>845 050</b>	<b>742 145</b>

Included in value added tax payable is the amount of 374,786 (2003 – 303,803), which represents deferred value added tax, that is only payable to the tax authorities when the underlying receivables are recovered or written off.

**Примечание [Y64]:** Acc. 5347600

**Примечание [Y65]:** PY RST Main acc. 5347600

## 23. Pension Obligations



In addition to statutory pension benefits, the Company also contributes to post-employment benefit plans, which covers most of its employees.

### ***Defined contribution pension plans***

For employees of certain branches, the Company provides post-employment benefits, which are classified as defined contribution pension plans. Non-government pension fund Telecom-Soyuz, which is related to the Company, maintains the plan.

### ***Defined Benefit Pension Plans***

Most employees are covered by defined benefit pension plan. The defined benefit pension plan provides old age retirement pension and disability pension. The plans provide for payment of retirement benefits starting from statutory retirement age, which are currently 55 for women and 60 for men. The benefits are based on a formula specific to each branch of the Company. According to the formula the benefits depend on a number of parameters, including the relative pay of participants and their length of service in the Company at retirement.

The benefits do not vest until and are subject to the employee retiring from the Company on or after the above-mentioned ages.

Non-government pension fund Telecom-Soyuz, which is related to the Company, maintains the defined benefit pension plan. The Company makes contributions to the pension fund in the amount set forth in the agreement with the pension fund.

The Company also provides several long-term employee benefits such as a death-in-service benefit and lump-sum payment upon retirement of a defined benefit nature.

Additionally the Company provides financial support of a defined benefit nature to its old age and disabled pensioners.

During 2004 the Company made 99,296 of contributions under its defined contribution and defined benefit pension plans (2003 – 74,153) that were expensed.

## **24. Revenues**

<b>By revenue types</b>	<b>2004</b>	<b>2003</b>
Long distance telephone services – domestic	<b>6 189 303</b>	4 953 061
Long distance telephone services – international	<b>821 065</b>	764 346
Local telephone calls	<b>5 493 216</b>	4 267 093
Installation and connection fees	<b>1 487 088</b>	1 422 122
Documentary services	<b>60 778</b>	51 292
Cellular services	<b>2 723 029</b>	2 090 214
Radio and TV broadcasting	<b>508 474</b>	416 123
Data transfer and telematics services	<b>186 985</b>	177 574

New services	759 419	444 191
Rent of telephone channels	280 632	221 453
Revenues from national operators	1 128 805	746 352
Other telecommunications services	670 883	591 083
Other revenues	656 866	581 234
<b>Total</b>	<b>20 966 543</b>	<b>16 726 138</b>

The Company identifies revenue by the following major customer groups:

<b>Customer groups</b>	<b>2004</b>	<b>2003</b>
Residential customers	11 289 593	9 045 017
Corporate customers	7 143 513	5 609 109
Government customers	1 567 158	1 152 943
Tariff compensation from the state budget	966 279	919 069
<b>Total</b>	<b>20 966 543</b>	<b>16 726 138</b>

## 25. Other Operating Expenses, net

**Other operating expenses, net for the year ended December 31, 2004 and 2003  
comprised the following:**

	<b>2004</b>	<b>2003</b>
Payments to Gossvyaznadzor	(104 313)	(56 311)
Fire and other security services	(192 079)	(146 085)
Business travel expenses and representation costs	(54 737)	(42 275)
Transportation services	(29 550)	(37 234)
Post services	(11 570)	(38 727)
Education expenses	(43 725)	(26 503)
Cost of goods sold	(194 332)	(256 300)
Rent of premises	(179 934)	(143 574)
Audit and consulting fees	(84 432)	(78 346)
Non-commercial partnership expenses (Note 33)	(150 100)	(135 804)
Advertising expenses	(129 064)	(105 775)
Insurance	(85 048)	(69 138)
Charitable contributions	(81 994)	(62 203)
Civil defense	(26 822)	(17 607)
Dealers commission fees	(144 917)	(82 517)
Bank services fees	(47 574)	(34 199)
Buildings maintenance	(90 189)	(55 364)
Auxiliary production services	(30 243)	(10 441)
Other expenses	(329 521)	(134 959)
<b>Total</b>	<b>(2 010 144)</b>	<b>(1 533 362)</b>

## 25. Other Operating Expenses, net (continued)

Other expenses include expenses related to research and advanced development, agent fees, fines and penalties, social expenditures, billing and cash collection from customers, cost of documentary, pay phone and other telecommunication services, representation expenses and other operating expenses.

## 26. Interest Expense, net

	<b>2004</b>	<b>2003</b>
Interest income	9 825	13 089

Interest expense	(437 708)	(266 282)
Interest expense accrued on finance leases	(216 075)	(145 318)
<b>Total</b>	<b>(643 958)</b>	<b>(398 511)</b>

## 27. Gain/ (Loss) from Sale of Subsidiaries, Associates and Other Investments

Gain/ (loss) from sale of subsidiaries, associates and other investments for the year ended December 31, 2004 and 2003 comprised the following:

	<u>2004</u>	<u>2003</u>
Gain (Loss) on sale of investments (see also Notes 7 and 8)	80 989	(17 866)
Other gain (loss) on investments	1 169	(34 613)
Dividend income	5 986	6 354
<b>Total</b>	<b>88 144</b>	<b>(46 125)</b>

## 28. Income Tax

Income tax charge for the years ended December 31, 2004 and 2003 comprised the following:

	<u>2004</u>	<u>2003</u>
Current income tax expense	(1 145 707)	(859 877)
Prior year income tax adjustments	22 709	(10 749)
Deferred income tax expense	(44 259)	(159 589)
<b>Total income tax for the year</b>	<b>(1 167 257)</b>	<b>(1 030 215)</b>

### 28. Income tax (continued)

A reconciliation of the theoretical tax charge to the actual income tax charge is as follows:

	<u>2004</u>	<u>2003</u>
<b>Profit before income tax and minority interest</b>	<b>3 739 317</b>	<b>3 138 511</b>
Statutory income tax rate	24%	24%
Theoretical tax charge at statutory income tax rate	(897 436)	(753 243)
<b>Increase (decrease) resulting from the effect of:</b>		
Prior-year income tax adjustments	22 709	(10 749)
Non-taxable income	43 527	34 224
Other permanent differences	(336 057)	(300 447)
<b>Total income tax charge for the year at the effective rate</b>	<b>(1 167 257)</b>	<b>(1 030 215)</b>

of 31%  
(2003 - 33%)

The composition of deferred income tax assets and liabilities as of December 31, 2004 and 2003 was as follows:

	<u>2004</u>	<u>2003</u>
<i>Deferred tax assets:</i>		
Accounts payable and accrued expenses	72 948	26 289
Accounts receivable	181 183	91 267
Loans and borrowings	100 216	76 343
Finance lease	–	19 786
<b>Deferred tax asset, total</b>	<u>354 347</u>	<u>213 685</u>
<i>Deferred tax liabilities:</i>		
Property, plant and equipment	(1 333 734)	(1 107 375)
Inventory	(8 677)	(7 622)
Investment valuation effect	(5 505)	(55 694)
Finance lease	(3 220)	–
<b>Deferred income tax liability, total</b>	<u>(1 351 136)</u>	<u>(1 170 691)</u>

The above differences resulted in:

Deferred tax asset	<u>24 814</u>	<u>54 104</u>
Deferred tax liability	<u>(1 021 603)</u>	<u>(1 011 110)</u>

## 28. Income tax (continued)

Deferred tax assets movement for 2004 and for 2003 is provided below:

	<u>2004</u>	<u>2003</u>
<b>Deferred tax asset, at January 1</b>	54 104	1 088
Deferred tax income (expense)	(29 290)	(7 506)
Share in deferred income tax of acquired companies	–	60 522
<b>Net deferred tax asset, at December 31</b>	<u>24 814</u>	<u>54 104</u>

The movement in net deferred tax liability for the years ended December 31, 2004 and 2003 was as follows:

	2004	2003
<b>Deferred tax liability, net at January 1</b>	(1 011 110)	(859 027)
Deferred tax income (expense)	(14 969)	(152 083)
Deferred tax liabilities of subsidiaries disposed	4 476	–
<b>Net deferred tax asset (liability) at December 31</b>	<b>(1 021 603)</b>	<b>(1 011 110)</b>

## 29. Earnings per Share

Basic earnings per share amounts are calculated by dividing the net income attributable to participating shareholders by the weighted average number of ordinary and preference shares in issue during the period.

	2004	2003
Weighted average number of preference shares outstanding (thousands)	81 983	81 983
Weighted average number of ordinary shares outstanding (thousands)	245 970	245 970
Weighted average number of ordinary and preference shares outstanding (thousands)	327 953	327 953
<b>Net profit</b>	<b>2 478 997</b>	<b>1 997 029</b>
<b>Earning per share, (basic/diluted)</b>	<b>7,56</b>	<b>6,09</b>

There are no dilutive instruments. Accordingly basic earnings per share equal the diluted earnings per share.

## 30. Dividends Declared and Proposed for Distribution

Dividends paid to shareholders are determined by the Board of Directors and declared and officially approved at the annual shareholders' meeting. Earnings available for dividends are limited to profits determined in accordance with the Russian statutory accounting regulations. Dividends are accrued in the year they are declared and approved.

Удалено: ¶

Отформатировано: Шрифт:  
10 пт

Отформатировано:  
Обычный, Узор: Нет

## 30. Dividends Declared and Proposed for Distribution (continued)

Dividends declared and approved during the year:

	2004	2003
Dividends on ordinary shares – 0.9186 Rubles per share (for 2003 – 0.7066 Rubles per share)	225 948	173 802
Dividends on preference shares – 2.4510 Rubles per share (for 2003 – 1.7954 Rubles per share)	200 941	147 193
<b>Total</b>	<b>426 889</b>	<b>320 995</b>

Dividends declared and approved subsequent to December 31, 2004 (See Note 35 “Subsequent events”):

Total for the year

Dividends on ordinary shares – 1.3779 Rubles per share	338 921
Dividends on preference shares – 2.5082 Rubles per share	205 631
<b>Total</b>	<b>544 552</b>

### 31. Contingencies and Operating Risks

#### Operating Environment of the Company

The Russian economy while deemed to be of market status continues to display certain characteristics consistent with that of a market in transition. These characteristics include, but are not limited to, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Russia. The stability of the Russian economy will be significantly impacted by the government's policies and actions with regards to supervisory, legal, and economic reforms.

Management cannot predict what effect changes in fiscal, political or tariff policies may have on the Company's current financial position or its ability to make future investments in property, plant and equipment. The consolidated financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements as they become known and estimable.

#### Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavorable outcome. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

### 31. Contingencies and Operating Risks (continued)

#### Taxation (continued)

As of December 31, 2004 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company's tax, currency and customs positions will be sustained. The Company intends to defend its position on these issues. As at December 31, 2004 the financial statements do not contain adjustments which may become necessary because of these uncertainties and positions assumed by the Company.

In February 2005 tax authorities raised significant claim against one of the companies of OJSC "Svyazinvest" Group, as a result of tax examination of the company's operations for the years 2002-2003.

The Company does not expect similar claims since aforementioned company disagreed with the claim raised by tax authorities, brought the case before the court to contest tax authorities' claim, and estimated the probability of winning the claim as high. Additionally, the tax authorities carried out examination in other companies of the OJSC "Svyazinvest" Group for the same periods, and claims raised against them were insignificant.

#### Insurance Coverage

Отформатировано: Шрифт: 10 пт

Отформатировано: Обычный, Узор: Нет

Удалено: y

During 2004, the Company did not maintain insurance coverage on a significant part of its property, plant and equipment, business interruption losses, or third party liability in respect of property or environmental damage arising from accidents relating to the Company's property or the Company's operations. Until the Company obtains adequate insurance coverage, there is a risk that losses resulting from destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

### Legal Proceeding

The Russian legal system is characterized by (1) inconsistencies between and among laws, Presidential decrees, and Russian governmental, ministerial and local orders, decisions, and resolutions and other acts; (2) conflicting local, regional and federal rules and regulations; (3) the lack of judicial and administrative guidance on interpreting legislation; (4) the relative inexperience in legislation interpretation; and (5) a high degree of discretion on the part of governmental authorities.

Management is unable to estimate what developments may occur in respect if the Russian legal system or the resulting effect of any such developments on the Company's financial condition or future results of operations.

In July 2005 the Ministry of Finance of the Russian Federation filed a claim against the Company demanding immediate repayment of debts outstanding to Vnesheconombank as of July 12, 2005 in the amount of 228,972 (6,637 thousand euro).

## 31. Contingencies and Operating Risks (continued)

### Legal Proceeding (continued)

In addition, during the year the Company was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, except as described above, there are no current legal proceedings of other claims outstanding, which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these consolidated financial statements.

Удалено: 1

### Licenses

Substantially all of the Company's revenues are derived from operations conducted pursuant to licenses granted by the Russian Government. These licenses expire in various years ranging from 2005 to 2012. The Company has renewed these licenses on a regular basis in the past, and believes that it will be able to renew licenses without additional cost in the normal course of business. Suspension or termination of the Company's main licenses or any failure to renew any or all of these main licenses could have a material adverse effect on the financial position and operations of the Company.

### Guarantees Issued

The Company guaranteed credit line facilities provided by Sberbank to OJSC "RTC-Leasing", a lessor of telecommunication equipment, as of December 31, 2004 (Note 20). The guarantees amounted to 1,308,567 (2003 – 1,236,657).

## 32. Commitments

### Capital Investments

As of December 31, 2004 the Company has commitments of 109,794 for capital investments into modernization and expansion of its network.

**Примечание [ТТ66]:** See справка from Department of investment policy in the network

## 33. Balances and Transactions with Related Parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

### 33. Balances and Transactions with Related Parties (continued)

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding at December 31, 2004 are detailed below.

#### Transactions with Government Organizations

Government organizations are a significant element in the Company's customer base, purchasing services both directly through numerous authorities and indirectly through their affiliates. Certain entities financed by the Government budget are users of the Company's network. These entities are generally charged lower tariffs as approved by the Federal Antimonopoly Agency than those charged to other customers. In addition, the Government may by law require the Company to provide certain services to the Government in connection with national security and the detection of crime.

Government subscribers accounted for approximately 51% of gross trade accounts receivable as of December 31, 2004 (2003 – 41%). Amounts outstanding from government subscribers, including debt of social security organizations with regard to compensation of expenses related to granting privileges to certain category of subscribers, as of December 31, 2004 amounted to 1,242,742 (2003 – 745,511) (see Note 12).

**Примечание [У67]:** Recalculated based on AR FN (Note 12)

#### OJSC Svyazinvest

The Company's parent entity - OJSC "Svyazinvest" - was wholly owned by the Russian Government until July 1997 when the Government sold 25% plus one share of the Charter Capital of OJSC "Svyazinvest" to the private sector.

An effectively operating telecommunications and data transmission facility is of great importance to Russia for various reasons including economic, strategic and national security considerations. Consequently, the Government



has and may be expected to continue to exercise significant influence over the operations of OJSC “Svyazinvest” and its subsidiary companies.

The Government’s influence is not confined to its share holdings in OJSC “Svyazinvest”. It has general authority to regulate tariffs, including domestic long distance tariffs. In addition, the Ministry of Information Technologies and Communications of the Russian Federation has control over the licensing of providers of telecommunications services.

In 2003 the Company repaid two loans to OJSC “Svyazinvest” in amount of 62,526. The Company did not receive or repaid any loans from its parent entity during 2004.

### 33. Balances and Transactions with Related Parties (continued)

#### OJSC Rostelecom

OJSC “Rostelecom”, a majority owned subsidiary of OJSC “Svyazinvest”, is the primary provider of domestic long distance and international telecommunications services in the Russian Federation. The annual expense associated with traffic carried by OJSC “Rostelecom” and terminated outside of the Company’s network is stated as interconnection charges. Further, OJSC “Rostelecom” uses the Company’s network to provide incoming long-distance and international traffic to its subscribers and partner operators.

Transactions undertaken by the Company with OJSC “Rostelecom” reported in the accompanying consolidated financial statements as at December 31, 2004 and 2003 and for the years then ended are presented in the following tables.

#### Sale of Services

During the year ended December 31, 2004 and 2003 the Company rendered significant amount of services to the following related parties:

<b>Related party</b>	<b>Relationship</b>	<b>Type of sales</b>	<b>Price determination method</b>	<b>2004</b>	<b>2003</b>
OJSC Rostelecom	Controlled by OJSC Svyazinvest	Telecommunication service	Regulated tariff	<b>790 363</b>	192 091
CJSC Rostelegraph	Controlled by OJSC Svyazinvest	Telecommunication service	Regulated tariff	<b>51 470</b>	–
CJSC Samara Telecom	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>33 375</b>	27 255
CJSC Sotel-NN	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>6 178</b>	3 455
CJSC Tsifrovye seti Udmurtii - 900	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>5 864</b>	11 254
CJSC Nizhegorodsky Radiotelephone	Associate company	Telecommunication services, transportation	Arms' length terms	<b>4 406</b>	2 035

CJSC Chuvashia Mobile	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>4 168</b>	2 681
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### Purchases

During the year ended December 31, 2004 and 2003 the following related parties rendered significant amount of services to the Company:

Related party	Relationship	Type of sales	Price determination method	2004 г.	2003 г.
CJSC Transsvyaz	Associate company	Construction works	Arms' length terms	<b>1 265</b>	5 889
CJSC Samara Telecom	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>6 474</b>	683
OJSC Rostelecom	Controlled by OJSC Svyazinvest	Telecommunication services	Regulated tariff	<b>1 905 386</b>	1 377 380
CJSC Rostelegraph	Controlled by OJSC Svyazinvest	Telecommunication services	Regulated tariff	<b>48 830</b>	–

### 33. Balances and Transactions with Related Parties (continued)

#### Balances with Related Parties

As of December 31, 2004 and 2003 significant balances with related parties were as follows:

#### Accounts receivable:

Related party	Relationship	Type of receivables	2004	2003
CJSC Samara Telecom	Associate company	Telecommunication services	<b>7 005</b>	1 218
CJSC Sotel-NN	Associate company	Telecommunication services, repair services, transportation services	<b>5 438</b>	787
CJSC Nizhegorodsky Radiotelephone	Associate company	Rent and transportation services	<b>4 507</b>	731
CJSC Rostelegraph	Controlled by OJSC Svyazinvest	Telecommunication services	<b>2 953</b>	–
CJSC Chuvashia Mobile	Controlled by Associate company	Telecommunication services, rent and transportation services	<b>1 549</b>	55
CJSC Rusleasingsvyaz	OJSC Svyazinvest	Finance lease	<b>1 485</b>	–
CJSC Tsifrovye seti Udmurtii - 900	Associate company	Telecommunication services, other services	<b>792</b>	1 213

## Accounts payable:

Related party	Relationship	Type of receivables	2004 г.	2003 г.
OJSC Rostelecom	Controlled by OJSC Svyazinvest	Telecommunication services	110 965	47 144
CJSC Rusleasingsvyaz	Controlled by OJSC Svyazinvest	Finance lease	1 921	1 656
CJSC Rostelegraph	Controlled by OJSC Svyazinvest	Telecommunication services	1 848	–

## Non-Commercial Partnership Centre for Research of Problems in Development of Telecommunications

Non-commercial partnership Centre for Research of the Problems in Development of Telecommunications (hereinafter “the Partnership”) is an entity OJSC Svyazinvest controls through its subsidiaries. The Company has an agreement with the Partnership, under which it provides funding for industry research and common administrative activities on behalf of the Company and other subsidiary and associates of OJSC “Svyazinvest”. Payments to the Partnership included in other operating expenses in the accompanying consolidated statement of operations for the year ended December 31, 2004 amounted to 150,100 (2003 – 135,804).

## 33. Balances and Transactions with Related Parties (continued)

### NPF Telecom-Soyuz

The Company has a number of pension agreements with NPF Telecom-Soyuz (see Note 23 “Pension Plans and Employee Benefits”). OJSC “Svyazinvest” holds the majority in the Board of Directors of NPF Telecom-Soyuz (“the Fund”). Payments from the Company to the Fund in 2004 amounted to 69,914 (2003 – 68,686).

Примечание [ТТ68]: As presented by Client

### Compensation to Key Management Personnel

Key management personnel comprise members of the Management Board and the Board of Directors of the Company, totaling 27 and 23 persons as of December 31, 2004 and 2003, respectively. Total compensation to key management personnel included in “Wages, salaries, other employee benefits and payroll taxes” in the statement of operations amounted to approximately 64,000 and 27,000 for the years ended December 31, 2004 and 2003, respectively.

## 34. Financial Instruments

### Fair Value

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (except for forced sale or liquidation). Market prices are considered to be the best evidence of fair value.

Management believes that the carrying values of monetary assets and liabilities approximate their fair values. Balance sheet items denominated in foreign currency have been translated into Rubles using the corresponding exchange rate prevailing at the reporting date.

Carrying value of cash and cash equivalents approximate their fair value due to their short-term character and minimal credit risks.

### **Credit Risk**

Credit risk is the risk that a counter-party will fail to discharge an obligation and cause the Company to incur a financial loss.

Financial assets, which are potentially subject to credit risk, consist principally of trade receivables. The carrying amount of accounts receivable, net of provision for impairment of receivables, represents the maximum amount exposed to credit risk.

The Company has no significant concentrations of credit risk due to significance of the client base and regular monitoring procedures over customers' and other debtors' ability to pay debts. A part of accounts receivable is represented by state and other non-commercial organizations.

## **34. Financial instruments (continued)**

### **Credit Risk (continued)**

Recovery of this debt is influenced by political and economic factors; however, management believes that as of December 31, 2004 there is no significant risk of loss to the Company beyond the provision already recorded.

The Company places cash on bank accounts in a number of Russian commercial financial institutions. Insurance of bank accounts is not provided by financial institutions operating in Russia. To manage credit risk the Company places cash in different financial institutions, and the Company's management analyzes risk of default of these financial institutions on a regular basis.

### **Foreign Exchange Risk**

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect items in the Company's statement of operations, balance sheet and/or cash flows. Foreign currency denominated liabilities (see Notes 19, 20 and 21) give rise to foreign exchange exposure.

The Company does not have arrangements to mitigate foreign exchange risks of the Company's operations.

For the period from January 1, 2003 to December 31, 2004 exchange rate of the Russian Ruble to US Dollar increased by approximately 13% and exchange rate of the Russian Ruble to Euro decreased by approximately 14%. Possible decrease in the exchange rate of the Russian Ruble will lead to an increase in the amount of the Company's borrowings, as well as will cause difficulties in attraction of funds including funds required for refinancing of existing debt.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may negatively impact the Company's financial results.

The following table presents as of December 31, 2004 and 2003 the carrying amount by maturity of the Company's financial instruments that are exposed to interest rate risk:

As of December 31, 2003:	< 1 year	1-5 years	> 5 years	Total
Fixed rate				
Short-term obligations	1 498 821	–	–	1 498 821
Long-term obligations	461 486	2 375 407	42 688	2 879 581
Finance lease obligations	321 109	520 394	–	841 503
Floating rate				
Short-term obligations	141 547	–	–	141 547
Long-term obligations	142 834	77 579	–	220 413

### 34. Financial Instruments (continued)

#### Interest Rate Risk (continued)

As of December 31, 2004:	< 1 year	1-5 years	> 5 years	Total
Fixed rate				
Short-term obligations	2 601 606	–	–	2 601 606
Long-term obligations	1 704 430	3 206 288	20 288	4 931 006
Financial leasing obligations	345 720	698 769	–	1 044 489
Floating rate				
Short-term obligations	199 701	–	–	199 701
Long-term obligations	112 274	1 029 770	–	1 142 044

Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Company that are not included into the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Company has no significant interest-bearing assets.

### 35. Subsequent Events

#### *Sale of investments*

In March 2005 the Company sold its 16.9% share in CJSC "Samarasyazinform" to a private individual for 21,773.

In March 2005 the Company disposed of its 32.4% share in OJSC “Telesot” for 14,404.

***Purchase of CJSC “RTCOM”***

On March 9, 2005 in accordance with the decision of the Board of Directors dated December 22, 2004 the Company acquired 100% stake in CJSC “RTCOM” (8,248 ordinary shares) for 10,000. The subsidiary was purchased for the purpose of rendering cellular services in Mordoviya region as part of the Company’s mobile business development program.

***Purchase of share in OJSC “Svyazintek”***

In accordance with the resolution of the extraordinary meeting of the Company’s shareholders held on February 14, 2005 the Company acquired 13% of shares in OJSC “Svyazintek” for 19.5.

OJSC “Svyazintek” was established in 2005 for implementation of Amdocs billing software in the companies of OJSC “Svyazinvest” Group.

***Purchase of LLC “Nizhegorodskiy teleservice”***

In July 2005 the Company acquired 100% stake in LLC “Nizhegorodskiy teleservice” from LLC “Invekt” for 43,728. The purchase was approved by the Board of Directors in May 2005. The subsidiary provides data transmission and telematics services.

## **35. Subsequent Events (continued)**

***Loan agreements***

During January-June 2005 the Company obtained new bank loans and issued promissory notes in total amount of 3,518,747 and repaid bank loans and promissory notes in amount of 2,584,978. New loans attract interest at 10-13.5% per annum.

***Dividends***

On June 28, 2005 the general meeting of the Company's shareholders approved dividends for 2004 in the amount of 2.5082 rubles per preference share and 1.3779 rubles per ordinary share. Total dividends declared amounted to 205,631 and 338,921 for preference and ordinary shares, respectively. Dividends for the year ended December 31, 2004, are payable during 2005 and will be accrued in the financial statements for the year ended December 31, 2005 (see also Note 30 “Dividends Declared and Proposed for Distribution”).

***Telecommunication Reform***

In 2005, within the framework of government efforts to restructure the telecommunication industry (liberalization of the telecommunication market) the Company will be providing domestic and international long-distance

communication services on the basis of restructured relations with OJSC Rostelecom. These relations will be regulated by an agreement to assist in provision of domestic and international long-distance communication services and an agreement on interconnection to telecommunications lines.

Under the assistance agreement, the Company will provide access to domestic and international long-distance communication services of OJSC "Rostelecom", keep records and rating of provided services and receive payments for them, and also claim accounts receivable. The Company's revenue under the assistance agreement will be formed by fees paid by OJSC Rostelecom.

Under the interconnection agreement, the Company will provide to OJSC Rostelecom traffic transmission services (call initiation and completion, traffic transit to/from interconnected operator networks).

The Company expects that the modified interaction framework will result in a decrease in both revenue and expenses, but the profit will remain at the previous level.

#### **Unified Social Tax**

Federal Law No. 70-FZ dated July 20, 2004 amended article 24 of the Tax Code of the Russian Federation stipulates the reduction of unified social tax rate effective from January 1, 2005.

The reduction of the unified social tax rate from 35.6% to 26% will lead to a decrease in the amount of the unified social tax, a decrease in operating expenses, and an increase in net profit of the Company.

**SUPPLEMENT № 4 – Quarterly accounting statement of OJSC  
“VolgaTelecom” for 9 months 2005**

**BALANCE-SHEET**

**As of September 30, 2005**

Enterprise	<b>OJSC "VolgaTelecom"</b>
Taxpayer Identification Number	<b>5260901817</b>
Activity type	<b>Electric communication</b>
Form of incorporation/ /ownership form	<b>Open Joint Stock Company/private</b>
Measure unit:	<b>thousand rubles</b>
Address:	<b>603000, Nizhny Novgorod city, Maxim Gorky sq., Dom Svyazi</b>

CODES	
Form № 01 by OKUD	<b>0710001</b>
Date (year, month, day)	2005.09.3 0
by OKPO	<b>01142788</b>
TIN	52609018 17
by OKVED	64.20
by OKOPF/OKFS	<b>47/16</b>
by OKEI	<b>384</b>



The date of approval  
The date of dispatch (receipt)

28.10.2005

ASSET	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
<b>I. NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>	110	110	32	19
Fixed assets	120	120	19 786 083	20 228 017
Capital investments	130	130	1 204 444	2 065 223
Income-bearing placements into tangible assets	135	135	1 177	562
Long-term financial investments	140	<b>140</b>	1 251 842	1 308 257
including: investments into subsidiaries		141	1 219 442	1 273 033
Investments into affiliates		142	21 860	12 474
Investments into other enterprises		143	8 651	20 861
Other long-term financial investments		144	1 889	1 889
Deferred tax assets	145	145	301 197	184 529
Other non-current assets	150	150	1 687 359	2 089 092
<b>Total for section I</b>	<b>190</b>	<b>190</b>	<b>24 232 134</b>	<b>25 875 699</b>

ASSET	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
<b>II. CURRENT ASSETS</b>				
<b>Inventories</b>	210	<b>210</b>	854 899	761 049
<i>including: raw materials, supplies and other similar values</i>	211	211	688 631	557 394

work in progress expenses (distribution costs)	213	213	81	178
finished goods and goods for resale	214	214	36 326	42 383
goods shipped	215	215	24	227
prepaid expenses	216	216	129 833	160 863
other inventories and expenditure	217	217	4	4
VAT for acquired valuables	220	220	1 266 225	946 824
Accounts receivable (payments are expected in over 12 months after the reporting date)	230	<b>230</b>	28 497	20 199
<i>Including:</i>				
buyers and customers	231	231	3 308	2 604
advances paid out		232	3 313	1 016
other debtors		233	21 876	16 579
Accounts receivable (payments are expected within 12 months after the reporting date)	240	<b>240</b>	1 474 566	1 799 021
<i>Including:</i>				
buyers and customers	241	241	1 154 435	1 428 050
advances paid out		242	147 338	202 530
other debtors		243	172 793	168 441
Short-term financial investments	250	250	7 761	4 726
Cash	260	260	344 723	527 540
Other current assets	270	270	707	1 022
<b>Total for section II</b>	290	<b>290</b>	3 977 378	4 060 381
<b>BALANCE (sum of lines 190+290)</b>	300	<b>300</b>	28 209 512	29 936 080
<b>LIABILITIES</b>	<b>Index code</b>	<b>Line code</b>	<b>As of the beginning of the reporting period</b>	<b>As of the end of the reporting period</b>
<b>1</b>	<b>2</b>	<b>2a</b>	<b>3</b>	<b>4</b>
<b>III. CAPITAL AND PROVISIONS</b>				
Charter capital	410	410	1 639 765	1 639 765
Capital surplus	420	420	3 980 430	3 857 863
Reserve capital	430	430	81 988	81 988
Treasury stock	411	440	-	-

Retained earnings (uncovered loss) of past years	470	460	8 890 265	8 465 744
Retained earnings (uncovered loss) of the fiscal year	470	470	X	1 428 133
<b>Total for section III</b>	490	<b>490</b>	14 592 448	15 473 493
<b>IV. NON-CURRENT LIABILITIES</b>				
<b>Credits and loans</b>	510	<b>510</b>	3 734 001	4 121 150
<i>including:</i>				
credits		511	2 631 000	4 004 050
loans		512	1 103 001	117 100
Deferred tax liabilities	515	515	580 691	673 374
Other non-current liabilities	520	520	1 408 186	934 632
<b>Total for section IV</b>	590	<b>590</b>	5 722 878	5 729 156
<b>V. CURRENT LIABILITIES</b>				
<b>Credits and loans</b>	610	<b>610</b>	3 513 292	4 269 178
<i>including:</i>				
credits		611	2 042 520	1 967 531
loans		612	1 470 772	2 301 647
Accounts payable,	620	<b>620</b>	3 921 305	3 659 173
<i>Including:</i>				
suppliers and contractors	621	621	2 584 322	2 171 094
advances received	625	622	340 540	270 072
wages payable	622	623	65 279	253 374
debt to government extrabudgetary funds	623	624	42 952	91 636
taxes and dues payable	624	625	393 226	280 097
other creditors	625	626	494 986	592 900
Debt to participants (founders) for income payments	630	630	29 411	310 753
Unearned revenue	640	640	230 372	228 723
Reserves for future expenses	650	650	199 806	265 604
Other current liabilities	660	660	-	-
<b>Total for section V</b>	690	<b>690</b>	7 894 186	8 733 431
<b>BALANCE (sum of lines 490+590+690)</b>	700	<b>700</b>	28 209 512	29 936 080

**Reference on availability of valuables being accounted on off balance sheet accounts**

Index description	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
Rented fixed assets	910	901	301 591	533 340
Including under leasing	911	911	176 550	71 339
Inventory items received in escrow	920	902	60 910	4 703
Commodities received for commission	930	903	3 945	3 282
Accounts receivable of insolvent debtors written-off as a loss	940	904	179 330	211 771
Cover funds for liabilities and payments received	950	905	3 976	4 116
Cover funds for liabilities and payments given	960	906	8 116 121	7 828 317
Housing facilities depreciation	970	907	21 065	18 755
Depreciation of land improvement objects and other similar objects	980	908	2 565	2 607
Payments for communication services		909	62 332	228 979

Index description	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
Net assets		1000	14 822 820	15 702 216

**INCOME STATEMENT**

**For 9 months of 2005**

Enterprise

**OJSC "VolgaTelecom"**

Taxpayer Identification Number

**5260901817**

Form № 02 by  
OKUD  
Date (year,  
month, day)

by OKPO

TIN

CODES
<b>0710002</b>
2005.06.30
<b>011427 88</b>
526090 1817

Activity type

Electric communication

by OKVED

64.20

Form of incorporation/ /ownership form

Open Joint Stock  
Company/privateby  
OKOPF/OKFS

47/16

Measure unit:

thousand rubles

by OKEI

384

Index description	Index code	Line code	For the reporting period	For the similar period of the previous year
1	2	2a	3	4
<b>I. Income and expenses of ordinary activities</b>				
Revenue(net) from sales of goods, products, works, services (minus VAT, excise taxes and similar mandatory payments)	010	010	15 506 433	13 328 177
Including from sales: of telecommunication services		011	15 115 119	13 012 183
Prime cost of sold goods, products, works and services	020	020	(11 284 881)	(9 588 178)
Including: of telecom services		021	(10 973 651)	(9 330 424)
<b>Profit (loss) from sales (lines 010 -020)</b>	<b>050</b>	<b>050</b>	4 221 552	3 739 999
<b>II. OPERATING INCOME AND EXPENSES</b>				
Interest receivable	060	060	7 355	7 366
Interest due	070	070	(607 848)	(400 359)
Income from participation in other enterprises	080	080	33 369	43 084
Other operating income	090	090	174 390	260 412
Other operating expenses	100	100	(647 403)	(777 132)
<b>III. NON-SALES INCOME AND EXPENSES</b>				
Non- sales income	120	120	148 400	163 851
Non-sales expenses	130	130	(1 094 291)	(1 014 211)
<b>Profit (loss) before tax (lines 050+060-070+080+090-100+120-130)</b>	<b>140</b>	<b>140</b>	2 235 524	2 023 010
<b>Income tax expense (lines -151+/-152+/-153) including:</b>		<b>150</b>	(807 561)	(662 618)
deferred tax liabilities	142	151	(94 284)	(130 272)
deferred tax assets	141	152	116 668	52 231
Current tax on income	150	153	(596 609)	(584 577)
<b>Profit (loss) of ordinary activities (lines 140-150)</b>		<b>160</b>	1 427 963	1 360 392
<b>IV. EXTRAORDINARY INCOME AND EXPENSES</b>				
Extraordinary income		170	208	24
Extraordinary expenses		180	(38)	(223)

<b>Net profit (retained profit (loss) of the reporting period) (lines 160+170-180)</b>	190	<b>190</b>	1 428 133	1 360 193
<b>BY REFERENCE</b>				
Income tax contingent expenses /income		201	(536 566)	(485 475)
Recurrent tax liabilities	200	202	(293 847)	(220 990)
Recurrent tax assets	200	203	22 852	43 847

Index description	Index code	Line code	For the reporting period	For the similar period of the previous year
1	2	2a	3	4
Basic earnings (loss) per share		301	-	-
Diluted earnings (loss) per share		302	-	-

\* It is completed in annual accounting statement

#### Breakdown of single profits and losses

Index description	Index code	For the reporting period		For the similar period of the previous year	
		profit	loss	profit	loss
1	2	3	4	5	6
Fines, penalties and forfeits which were acknowledged or to be collected according to court judgement (arbitrage)	401	21 148	(8 251)	18 559	(11 660)
Past years profit (loss)	402	30 323	(146 011)	62 884	(108 830)
Reimbursement of damages caused by default or inadequate fulfillment of obligations	403	5 808	(943)	3 732	(873)
Foreign exchange differences in foreign currency operations	404	9 279	(2 988)	25 479	(20 967)
Deductions to allowances	405	36 261	(120 405)	29 084	(469 627)
Debt amortization of receivables and payables	406	21 149	(4 205)	763	(4 497)

**SUPPLEMENT № 5 – Consolidated financial statement of OJSC  
“VolgaTelecom” for 6 months of 2005**

**OJSC “VolgaTelecom”**

Non-audited  
consolidated financial statement

For 6 months ended on June 30, 2005.

# **OJSC “Volgatelecom”**

Non-audited consolidated financial statement  
For 6 months ended on June 30, 2005.

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## OJSC “VolgaTelecom”

### Non-audited consolidated balance sheet As of June 30, 2005

(Thousand rubles)

	June 30, 2005	December 31, 2004 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	26 367 221	25 603 506
Intangible assets and goodwill	2 333 481	2 167 468
Financial investments into associate companies	106 825	110 096
Long-term financial investments	8 950	11 252
Long-term receivables and other financial assets	23 110	21 591
Long-term advances made	616 742	227 798
Asset on deferred tax on income	13 130	24 814
<b>Total, non-current assets</b>	<b>29 469 459</b>	<b>28 166 525</b>
<b>Current assets</b>		
Commodity stocks	780 220	859 609
Accounts receivable	1 242 829	1 137 874
Asset on current tax on income	201 297	42 202
Other current assets	1 643 295	1 652 567
Cash and their equivalents	640 174	422 185
<b>Total, current assets</b>	<b>4 507 815</b>	<b>4 114 437</b>
<b>Total, assets</b>	<b>33 977 274</b>	<b>32 280 962</b>
<b>SHAREHOLDERS' EQUITY AND OBLIGATIONS</b>		
Preferred shares	963 366	963 366
Ordinary shares	2 890 324	2 890 324
Capital surplus, retained earnings and other provisions	13 701 968	13 199 851
<b>Total, shareholders' equity connected with shareholders of parent company of the group</b>	<b>17 555 658</b>	<b>17 053 541</b>
<b>Minority interest</b>	<b>414 217</b>	<b>377 213</b>
<b>Total, shareholders' equity</b>	<b>17 969 875</b>	<b>17 430 754</b>
<b>Long-term liabilities</b>		
Long-term credits and loans	4 552 392	4 256 346
Long-term finance lease liabilities	563 831	698 769
Long-term accounts payable on tax on income	241	312
Unearned revenue	332 785	332 491
Liabilities on deferred tax on income	1 271 168	1 021 603
Long-term provisions	261 957	213 574
Other long-term liabilities		
<b>Total, long-term liabilities</b>	<b>6 982 374</b>	<b>6 523 095</b>
<b>Current obligations</b>		
Accounts payable and accrued liabilities	2 428 999	2 378 880

Accounts payable to OJSC "Rostelecom"	<b>107 676</b>	110 965
Accounts payable on current tax on income	<b>5 607</b>	114 099
Accounts payable on taxes and social security	<b>702 622</b>	730 951
Dividends payable	<b>609 170</b>	28 487
Short-term credits and loans	<b>2 683 229</b>	2 801 307
Portion of long-term credits and loans due to repayment during the year	<b>2 187 517</b>	1 816 704
Short-term part of obligations under finance lease contracts	<b>300 205</b>	345 720
<b>Total, current obligations</b>	<b>9 025 025</b>	8 327 113
<b>Total, obligations</b>	<b>16 007 399</b>	14 850 208
<b>Total, shareholders' equity and obligations</b>	<b>33 977 274</b>	32 280 962

General Director

Omelchenko S.V. Chief accountant

Popkov N.I.

**Non-audited consolidated income statement  
For 6 months of year 2005**

*(Thousand rubles)*

	6 months of year 2005	Year 2004 (audited)
<b>Revenues</b>	<b>11 333 371</b>	20 966 543
Salary, other payoffs and benefits-related deductions	<b>(3 763 281)</b>	(6 735 501)
Depreciation and amortization	<b>(1 584 621)</b>	(2 584 67)
Materials, repair and maintenance, public utility services	<b>(1 013 413)</b>	(1 787 512)
Taxes, exclusive of tax on income	<b>(300 997)</b>	(461 666)
Expenses for carriers’ services – international companies	<b>(486)</b>	(25 313)
Expenses for carriers’ services – Russian companies	<b>(1 334 605)</b>	(2 446 937)
(Expenditure) recovery of allowance for doubtful accounts	<b>(62 157)</b>	(599 653)
Profit (loss) from plant assets disposals	<b>(198 996)</b>	(78 269)
Other operating income (expense)	<b>(1 003 911)</b>	(2 010 144)
<b>Profit (loss) from core activity</b>	<b>2 070 904</b>	4 236 873
Profit (loss) from participation in associate companies	<b>7 558</b>	72 549
Interest (income) expense, net	<b>(428 613)</b>	(643 958)
Financial investments profit (loss)	<b>74 501</b>	88 144
Foreign exchange gain (loss), net	<b>18 401</b>	(14 291)
Other income (expense), net	-	-
<b>Profit (loss) before tax</b>	<b>1 742 751</b>	3 739 317
<b>Tax on income</b>		
(Expense) consideration for tax on income – current tax	<b>(397 585)</b>	(1 122 998)
(Expense) consideration for tax on income – deferred tax	<b>(261 252)</b>	(44 259)
<b>Profit (loss) for the reporting period</b>	<b>1 083 914</b>	2 572 060
Profit (loss), related to the shareholders of parent company	<b>1 046 669</b>	2 478 997
Profit (loss), related to minority shareholders of subsidiary companies	<b>37 245</b>	93 063
<b>Profit (loss) for the reporting period</b>	<b>1 083 914</b>	2 572 060

General Director

Omelchenko S.V. Chief accountant

Popkov N.I.

## **OJSC “VolgaTelecom”**

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### **1. General information**

#### **Authorization of accounts**

Non-audited consolidated financial statement of OJSC “VolgaTelecom” (the “Company”) and its subsidiary companies (jointly – the “Group”) is drawn up for 6 months of year 2005.

#### **Basis of non-audited consolidated financial statement preparation**

IFRS OJSC “VolgaTelecom” statement for 6 months of year 2005 is presented to the extent of accounting balance sheet, income statement and also notes to the financial statement. This statement does not contain all required disclosures in accordance with IFRS; however, its volume is sufficient to have the idea of financial standing and the results of the Company’s activity for 6 months of year 2005.

OJSC “VolgaTelecom” presents IFRS 6 months’ statement for the first time; earlier such statement was not presented. This statement is non-audited consolidated financial statement of OJSC “VolgaTelecom”. The procedures of audit, review or other similar procedures will not be carried out in the case of the statement. At the same time taking into account OJSC “VolgaTelecom” experience in presenting IFRS statements, the Company believes that the users of the financial statement may rely on it.

OJSC “VolgaTelecom” and its subsidiary and associate companies maintain accounting records and prepare its statutory accounting reports in Russian Rubles and in accordance with the Regulations on Accounting and Reporting in the Russian Federation. This non-audited consolidated financial statement was prepared on the basis of non-audited financial statement of OJSC “VolgaTelecom” and its subsidiary and associate companies drawn up in the format meeting IFRS standards taking into account the assumptions described below.

When preparing this non-audited consolidated financial statement OJSC “VolgaTelecom” carried out smaller volume of procedures than the one that could have been carried out when preparing annual consolidated financial statement. In this connection OJSC “VolgaTelecom” made assumptions, including of the cost of obligations for retirement benefit plan, unearned revenue, provisions for depreciation of fixed assets, and commodity stocks. Actual values of financial statement for the year ended on December 31, 2005 may differ from the values of this financial statement due to adjustment of information about the assumptions made by the Company and occurrence of other new information.

This non-audited consolidated financial statement does not contain the information about comparable values of financial statement for 6 months of year 2004. For the purposes of comparison OJSC “VolgaTelecom” presents financial values of audited statement for the year ended on December 31, 2004 and as of December 31, 2004.

The content of notes to non-audited consolidated financial statement of OJSC “VolgaTelecom” does not disclose the entire completeness of the information, the disclosure of which is required to meet IFRS. The content of notes to annual consolidated financial statement of OJSC “VolgaTelecom” may disclose the information in larger volume that it is disclosed in this non-audited consolidated financial statement of OJSC “VolgaTelecom”.

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### 2. Property, Plant and Equipment.

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and any impairment in value. For property, plant and equipment acquired prior to January 1, 2003 the fair value on January 1, 2003 is used as actual value (see Note 2) in accordance with the exception stipulated by IFRS 1.

The Company applied the exception permitted by IFRS 1 allowing for the organization to evaluate property, plant and equipment as of the date of transition to IFRS at fair value and to use this fair value as the actual value of property, plant and equipment.

Management assumes that book value of all property, plant and equipment of the Company is approximately comparable with their fair value, but, nevertheless, it intends to involve an independent appraiser to confirm this fair value and accordingly the book value of property, plant and equipment may be subject to adjustments.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each group of asset as follows:

<i>Buildings and constructions</i>	<i>50 years</i>
<i>Analog switches</i>	<i>20 years</i>
<i>Digital switches</i>	<i>15 years</i>
<i>Other telecom equipment</i>	<i>10 years</i>
<i>Transport</i>	<i>5 years</i>
<i>Computers, office and other appliances</i>	<i>3 years</i>
<i>Real estates</i>	<i>Not depreciated</i>

For the purpose of disclosure of values of consolidated financial statement for 6 months of year 2005, Property, Plan and Equipment are aggregated into the following groups:

- Buildings and constructions;
- Switches and transmission devices;
- Work in progress and equipment for installation;
- Other property, plant and equipment in which computers, vehicles and other items are included.

	<b>Buildings and constructions</b>	<b>Switches and transmission devices</b>	<b>Work in progress and equipment for installation</b>	<b>Vehicles and other property, plant and equipment</b>	<b>Total</b>
Depreciated cost as of December 31, 2004	11 258 527	10 068 472	1 728 914	2 547 593	<b>25 603 506</b>
Depreciated cost as of June 30, 2005	9 894 471	11 355 253	2 428 487	2 689 010	<b>26 367 221</b>

### **OJSC “VolgaTelecom”**

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

#### **3. Intangible assets and goodwill**

Goodwill is excess of the cost of acquisition over the Company’s share in the fair value of net identifiable assets and liabilities of the subsidiary or associate company as of the date of acquisition. Goodwill on acquisition of subsidiaries is recorded in intangible assets. Goodwill is not amortized, but at the same time it is analyzed annually or more often for depreciation if some events or change of circumstances testify to potential reduction of its book value.

Obtained licenses and software are amortized in equal shares over useful life of these assets equal to the license validity term or software user rights. The period of useful life of other intangible assets is equal to 10 years.

In case of revealing the signs of reduction of intangible assets cost, the book value of each asset is made, and if the reduction of cost is detected, the book value is immediately reduced to recoverable amount.

	<b>Goodwill</b>	<b>Licenses</b>	<b>Software</b>	<b>Other</b>	<b>Total</b>
Depreciated cost as of December 31, 2004	<b>325 097</b>	<b>149 953</b>	<b>1 590 309</b>	<b>102 109</b>	<b>2 167 468</b>
Depreciated cost as of June 30, 2005	<b>355 196</b>	<b>137 497</b>	<b>1 722 980</b>	<b>117 808</b>	<b>2 333 481</b>

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### 4. Subsidiaries

Consolidated financial statement includes property, obligations and the results of activity of OJSC “VolgaTelecom” subsidiaries listed below:

Name	Core activity	Share of participation, %		Voting shares,%	
		As of June 30, 2005	As of Decembe r 31, 2004	As of June 30, 2005	As of Decembe r 31, 2004
CJSC “Nizhegorodskaya cellular communication”	Cellular services	100	100	100	100
CJSC “Digital telecommunications”	Local telephone network services	100	100	100	100
CJSC “TeleSvyazInform”	Communication services	100	100	100	100
LLC Russian-American JV “Izhcom”	Data transfer services	100	51	-	-
CJSC “RTCOM”	Communication services	100	-	100	-
LLC “Vyatka-Page”	Paging services	91	91	-	-
CJSC “Transsvyaz”	Local communication services	80	80	80	80
OJSC “OMRIX”	Communication services	74	74	-	-
CJSC “Pulse Radio Yoshkar-Ola”	Communication services	-	61	-	61
CJSC “Ulyanovsk-GSM”	Cellular services	60	60	60	60
CJSC “Cellular communication of Mordoviya”	Communication services	-	60	-	60
CJSC “Orenburg-GSM”	Cellular, radiotelephone communication services	51	51	51	51
LLC “Radio-resonance”	Airplay of TV and radio programs	-	51	-	-
OJSC “Tatincom”	Cellular services	50+1 share	50+1 share	50+1 share	50+1 share
CJSC “Public Telephone Saratov”	Communication services	50+1 share	50+1 share	50+1 share	50+1 share
CJSC “Nizhegorodskiyi radiotelephone”	Fixed line and wireless radio communication services	50	50	50	50
CJSC “Chery-Page”	Paging services	50	50	50	50

In March 2005 the Company acquired 100% of shares of CJSC “RTCOM” for consideration of 10 130 thousand rubles.

During 2005 the Company sold equity stake in charter capital of CJSC «Pulse Radio Yoshkar-Ola», CJSC “Cellular communication of Mordoviya” and LLC “Radio-Resonance

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### 5. Financial investments into associates

As of June 30, 2005 and December 31, 2004 the Company’s financial investments into associates comprised the following:

Name	Activity	As of June 30, 2005		As of December 31, 2004	
		Voting shares, %	Carrying value	Voting shares, %	Carrying value
CJSC “Samara Telecom”	Communication services	28	86 069	28	77 695
CJSC “ JSCB “C-Bank”	Banking services	42	15 920	42	16 596
OJSC “Telesot”	Communication services	-	-	32	10 248
Other	Communication services	40-49%	4 836	40-49%	5 557
<b>Total</b>			<b>106 825</b>		<b>110 096</b>

In April 2005 OJSC “VolgaTelecom” sold its equity stake in charter capital of OJSC “Telesot”.

All above listed companies are Russian legal entities registered in accordance with Russian Federation legislation and have the same fiscal year as the Company.

### 6. Long-term accounts receivable and loans given

As of June 30, 2005 and December 31, 2004 long-term accounts receivable and other financial assets comprised the following:

	As of June 30, 2005	As of December 31, 2004
Long-term accounts receivable	7 553	3 308
Long-term loans given to employees	15 557	18 283
<b>Total</b>	<b>23 110</b>	<b>21 591</b>



## 7. Commodity stocks

As of June 30, 2005 and December 31, 2004 the commodity stocks comprised the following:

	<u>As of June 30, 2005</u>	<u>As of December 31, 2004</u>
Cable, spare parts and materials for telecom equipment	501 920	592 913
Finished goods and goods for sale	42 335	39 226
Other inventories	235 965	227 470
<b>Total</b>	<b>780 220</b>	<b>859 609</b>

## OJSC "VolgaTelecom"

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

## 8. Accounts receivable

As of June 30, 2005 and December 31, 2004 the accounts receivable comprised the following:

	<u>As of June 30, 2005</u>	<u>As of December 31, 2004</u>
Settlements with subscribers for communication service	2 560 507	2 449 797
Allowance for doubtful accounts	(1 317 678)	(1 311 923)
<b>Total</b>	<b>1 242 829</b>	<b>1 137 874</b>

The Company identified trade receivables by the following major customer groups:

	<u>As of June 30, 2005</u>	<u>As of December 31, 2004</u>
Residential customers	826 276	800 840
Corporate customers	455 848	406 215
Government customers	1 278 383	1 242 742
<b>Total</b>	<b>2 560 507</b>	<b>2 449 797</b>

## 9. Other current assets

As of June 30, 2005 and December 31, 2004 other current assets comprised the following:

	<b>As of June 30, 2005</b>	<b>As of December 31, 2004</b>
VAT recoverable	<b>918 094</b>	1 128 487
Prepayments and advance paid	<b>217 182</b>	151 638
Prepaid expenses	<b>123 331</b>	106 449
Short-term loans given	<b>6 735</b>	3 743
Other prepaid taxes	<b>12 949</b>	31 702
Settlement with personnel	<b>19 675</b>	23 286
Other current assets	<b>345 329</b>	207 262
<b>Total</b>	<b>1 643 295</b>	1 652 567

#### **10. Cash and Cash Equivalents**

As of June 30, 2005 and December 31, 2004 cash and cash equivalents comprised the following:

	<b>As of June 30, 2005</b>	<b>As of December 31, 2004</b>
Cash at bank and on hand	<b>560 298</b>	420 990
Transaction accounts to three months	<b>79 593</b>	182
Other cash	<b>283</b>	1 013
<b>Total</b>	<b>640 174</b>	422 185

### **OJSC “VolgaTelecom”**

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

#### **11. Share capital**

As of June 30, 2005 and December 31, 2004 the total number of issued ordinary and preferred shares was 245 969 590 pieces and 81 983 404 pieces correspondingly.

Face value of all shares is 5 rubles per a share. The difference between aggregate face value of issued shares and their book value represents inflation effect for the periods prior to January 1, 2003.

Shares	Quantity of issued shares (thousand pieces)	Face value of one share (rubles)	Face value	Book value
Ordinary	245 970	5	1 229 848	2 890 324
Preferred	81 983	5	409 917	963 366
<b>Total</b>	<b>327 953</b>		<b>1 639 765</b>	<b>3 853 690</b>

## 12. Loans and borrowings

As of June 30, 2005 and December 31, 2004 short-term loans and borrowings comprised the following:

	Average interest rate	Maturity date	As of June 30, 2005	As of December 31, 2004
<i>Short-term loans and borrowings</i>				
<b>Bank loans:</b>				
Bank loans (rubles)	10-14%	2006	<b>1 548 155</b>	2 522 522
Bank loans (US\$)	5%	2005	<b>12 084</b>	25 734
Bank loans (Euro)	9%	2006	<b>174 465</b>	168 743
<b>Total bank loans</b>			<b>1 734 704</b>	2 716 999
<b>Bonds (rubles)</b>	13%	2006	<b>35 616</b>	57 328
<b>Vendor financing:</b>				
Vendor financing (rubles)	6-13%	2005	-	1 704
Vendor financing (US\$)	6,5-8%	2005	<b>6</b>	66
Vendor financing (Euro)	6,5-7,35%	2005	<b>277</b>	21 455
Vendor financing (Japanese yens)	5,91%	2005	-	3 755
<b>Total vendor financing</b>			<b>283</b>	26 980
<b>Promissory notes (rubles)</b>	10,5-11%	2005	<b>912 626</b>	-
<b>Total short-term loans and borrowings</b>			<b>2 683 229</b>	2 801 307

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

As of June 30, 2005 and December 31, 2004 long-term loans and borrowings comprised the following:

	Average interest rate	Maturity date	As of June 30, 2005	As of December 31, 2004
<b>Long-term borrowings</b>				
<b>Bank loans:</b>				
Bank loans (rubles)	7-14%	2005-2006	4 727 061	3 578 169
Bank loans (Euro)	6,5-9%	2005-2006	47 181	178 586
<b>Total bank loans</b>			<b>4 774 242</b>	<b>3 756 755</b>
<b>Bonds (rubles)</b>	13,67%	2006	<b>1 000 000</b>	1 000 000
<b>Vendor financing:</b>				
Vendor financing (rubles)	6-13%	2005-2006	137 346	260 206
Vendor financing (US\$)	6,5-8%	2005-2006	66 189	105 707
Vendor financing (Euro)	6,5-7,35%	2005-2006	249 950	251 152
Vendor financing (Japanese yens)	5,91%	2005-2006	1 218	-
<b>Total vendor financing</b>			<b>454 703</b>	617 065
<b>Promissory notes (rubles)</b>	5,6%	2006	<b>510 964</b>	699 230
<b>Less : Current portion of long-term loans and borrowings</b>			<b>(2 187 517)</b>	(1 816 704)
<b>Total long-term loans and borrowings</b>			<b>4 552 392</b>	4 256 346

### 13. Accounts payable and accrued liabilities

As of June 30, 2005 and December 31, 2004 the Company's accounts payable and other current liabilities comprised the following:

	As of June 30, 2005	As of December 31, 2004
Trade accounts payable for capital construction	1 240 626	1 266 486
Advances received from subscribers	361 042	501 773
Accounts payable for core activity	466 130	145 382
Accrued liabilities for salaries and compensatory payments	261 183	366 046
Other accounts payable	100 018	99 193

<b>Total</b>	<b>2 428 999</b>	2 378 880
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Other accounts payable comprises arrears to agents, unearned revenue and miscellaneous.

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### 14. Taxes and Payroll Related Obligations

As of June 30, 2005 and December 31, 2004 the Company had the following taxes payable:

	As of June 30, 2005	As of December 31, 2004
Value-added tax	430 846	565 540
Property tax	115 857	102 282
Sales tax	-	81
Unified social tax	95 593	45 789
Other taxes	60 326	17 259
<b>Total</b>	<b>702 622</b>	<b>730 951</b>

### 15. Revenue

Revenue sources for 6 months of year 2005 and for year 2004:

Revenue sources categories	6 months of year 2005	2004
Long-distance telephone services- domestic	3 063 096	6 189 303
Long-distance telephone services - international	380 761	821 065
Local telephone services	3 354 284	5 493 216
Installation and connection fees	663 012	1 487 088
Documentary services	28 422	60 778
Mobile telecommunication services	1 350 951	2 723 029
Radio and TV broadcasting	251 806	508 474
Data transfer and telematic services	105 311	186 985
New services	552 588	759 419
Rent of telephone channels	193 251	280 632
Services to Russian carriers	664 878	1 128 805
Other telecommunications services	350 673	670 883
Other revenues	374 338	656 866
<b>Total</b>	<b>11 333 371</b>	<b>20 966 543</b>

## OJSC “VolgaTelecom”

Notes to non-audited consolidated financial statement  
For 6 months of year 2005 (thousand rubles)

### 16. Other operating expenses

Other operating expenses for 6 months of year 2005 and for year 2004

	6 months of year 2005	2004
Payments to Gossvyaznadzor	(19 650)	(104 313)
Expenses for fire-fighting and security services	(112 773)	(192 079)
Travel and representation expenses	(39 178)	(54 737)
Transport services	(14 116)	(29 550)
Mail services	(30 214)	(11 570)
Training costs	(29 061)	(43 725)
Cost of sales	(102 174)	(194 332)
Costs for rental of premises	(138 030)	(179 934)
Audit and consulting services costs	(43 311)	(84 432)
Payments to non-commercial partnership	(81 616)	(150 100)
Advertising cost	(73 295)	(129 064)
Insurance	(35 730)	(85 048)
Membership fees, charity and transfers to trade union	(44 862)	(81 994)
Civil defense expenses	(17 364)	(26 822)
Dealers' services	(80 448)	(144 917)
Services of credit organizations	(26 161)	(47 574)
Building maintenance	(23 589)	(90 189)
Auxiliary production services	(18 324)	(30 243)
Other expenses	(74 015)	(329 521)
<b>Total</b>	<b>(1 003 911)</b>	<b>(2 010 144)</b>

Other expenses comprise agent commission, fines and late payment interest, social expenses, expenses related to subscribers' payments recording and recovery, expenses related to telegraph services and to communication services rendered through payphones and other communication services, representation expenses and also other operating expenses.

### 17. Interest expense, net

Interest expenses for 6 months of year 2005 and for year 2004:

	6 months of year 2005	2004
Returns on loans (interest)	10 634	9 825
Interest expense	(311 058)	(437 708)
Interest expense accrued under finance lease contracts	(128 189)	(216 075)
<b>Total</b>	<b>(428 613)</b>	<b>(643 958)</b>

**SUPPLEMENT № 6 – OJSC “VolgaTelecom” accounting policy  
for year 2005**

*APPROVED by:  
Order № 325 of  
General Director of  
OJSC “VolgaTelecom”  
Of December 31, 2004*

**PROVISION ON  
ACCOUNTING POLICY FOR THE PURPOSES OF BOOK RECORDS OF  
OJSC “VOLGATELECOM”  
FOR YEAR 2005**

**Nizhny Novgorod city  
2005**

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## INTRODUCTION

This Provision on the Accounting policy for the purposes of book records (hereinafter the Provision on the Company's accounting policy) of OJSC "VolgaTelecom" (hereinafter the Company) is worked out in accordance with the requirements of Russian Federation legislation.

For the purposes of this Provision by the Accounting policy of the Company is meant substantiated and disclosed for various users the totality of methods of bookkeeping as selected by the Company - primary observation, value measure, current grouping and bottom-line generalization of economic operations facts – in order to generate maximum on-line, perfect, objective and true financial and management information.

In cases when the system of regulatory control of bookkeeping of Russian Federation does not establish the method of bookkeeping of a specific issue, then when working out the Accounting policy the Company developed the appropriate method of records on the basis of effective Provisions on bookkeeping.

The Company's Accounting policy being the basis of bookkeeping system is designed to ensure:

- Obedience of such underlying principles of accounting as perfection, just-in-time, judiciousness, priority of substance over form, consistency and rationality;
- Compliance with general requirements to accounting statement: perfection, materiality, neutrality, comparability and comparables;
- Credibility of reports prepared in the Company – of accounting statement, tax reporting, management reports and statistical reporting;
- Unity of methodology when organizing and maintaining bookkeeping in the entire Company and in its subdivisions<sup>1</sup>;
- Operativeness and flexibility of reaction of bookkeeping system to the changes of conditions of carrying out economic operations, including the conditions caused by the changes of legislative and normative acts.

This Provision along with general obligatory requirements takes into account specific features of the Company of electric communication:

- Availability of internal documents regulating the accounting process from the point of view of specific character of the industry;
- Availability of considerable number of subdivisions and in a number of cases they are far away from the Company's Directorate location.

The Provision discloses step by step the bookkeeping methods approved while working out the accounting policy; these methods materially affect the evaluation and decision making by interested users of accounting statement; without knowing how to apply these methods it is not possible to evaluate reliably financial status, flow of funds or financial results of the Company's activity.

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<sup>1</sup> For the purposes of this document by the Company's subdivisions, if otherwise is not stated, are meant regional branches and structural subdivisions.

The methods of bookkeeping selected by the Company when working out this Accounting policy are approved by the Order of the Company's General Director and are effective since January 1, 2005.

All the persons connected to the solution of issues regulated by the Accounting policy should be guided in their activity by this Provision:

- The Company's management;
- The heads of regional branches and structural subdivisions responsible for organization and status of accounting in their units;
- Employees of services and departments responsible for timely development, revision and notifying subdivisions-executives about reference data;
- Employees of all services and departments responsible for timely submission of basic documents to the accounting office;
- Employees of accounting office responsible for timely and qualitative execution of all types of accounting operations and for drawing up reliable reporting of all types;
- Other employees.

The Accounting policy is worked out for year 2005 and is not subject to changes, excluding the following cases:

- Change of Russian Federation legislation or normative acts for the bookkeeping;
- Development by the Company of new methods of bookkeeping;
- Essential change of the conditions of activity resulted from reorganization, change of ownership, change of activity kind, etc.

The changes introduced into the language of the Provision on the Company's Accounting policy are approved by the Company's General Director.

The responsibility for the compliance with the methodology is imposed on the Company's chief accountant.

In the course of bookkeeping the Company also applies methodical guidelines for accounting topics, their list is provided in Supplement №2.

# 1. ORGANIZATIONAL ASPECTS OF ACCOUNTING POLICY

## 1.1. General information about OJSC "VolgaTelecom"

The Charter of the Company of electric communication defines the following kinds of activity:

- provision of local and intrazonal communication services;
- provision of local, DLD & ILD communication services by using payphones and public communication centers;
- provision of DLD & ILD communication services;
- provision of cellular mobile communication services (GSM-900, DCS-1800, CDMA-400, NMT-450, CDMA-800);
- provision of mobile wireless telephony services;
- provision of mobile radio communications services;
- provision of personal radio call services;
- provision of personal radio call services with VHF FM channeling;
- provision of services of communication channels lease;
- provision of telematic services (including e-mail services, access to informational resources, reference services, Telefax services, Comfax services, Bureaufax services, messages processing services, voice message services, voice information transmit services, audio conference services, videoconference services);
- provision of data transfer services;
- provision of telegraph communication services (including "telegram" and "AT/Telex" network services);
- provision of cable TV services;
- provision of wire broadcasting services;
- provision of TV broadcasting services by using transmission equipment;
- provision of radio broadcasting services by using transmission equipment;
- provision of local phone communication services by using radio access equipment;
- provision of TV broadcasting services by using transmission equipment (MMDS);
- carrying out works connected with using the data constituting state secret;
- carrying out activities and (or) provision of services in the area of state secret protection;
- carrying out activities and (or) provision of services in the area of state secret protection, connected with functioning of cryptographic authority;
- carrying out activities and (or) provision of services in the area of state secret protection as related to technical protection of information;
- organization and implementation of activities for insuring the protection of secrecy of communication and of other secret protected by law;
- examination of preliminary design and project documentation;
- construction, capital repairs, refurbishment, extension and technical reequipment of communication facilities buildings;
- construction, capital repairs, refurbishment and technical reequipment of civic buildings;
- geodesic and cartographic activity;

- training, improvement of qualification of white-collar workers, operational personnel and executive staff;
- engineering maintenance, repair and sale of cash registers;
- engineering maintenance, repair and sale of communications facilities;
- installation, repair and engineering maintenance of security alarm systems;
- organization of restoration of communication networks and facilities during failures and damages;
- priority provision of communication services and facilities in the interests of defense, state management, security, law and order;
- implementation of activities for provision of communication services in emergency situations;
- implementation as per the established procedure of plans of preparedness activity of communication network and arrangements in emergency situations;
- rendering of consulting services;
- rendering of medical services;
- trade and procurement activity;
- commercial fisheries;
- activities to prevent and fire extinguishing;
- carrying out the works of installation, repair and maintenance of fire safety appliances for buildings and structures;
- operation of electric, heating and gas systems;
- design and construction of buildings and structures of with I and II criticality ratings;
- engineering survey for construction of buildings and structures of with I and II criticality ratings;
- tunnel survey;
- the activity of issuing certificates of keys of electronic digital signatures, of registration of owners of electronic digital signatures, of rendering services related to the use of electronic digital signatures and confirmation of authenticity of electronic digital signatures;
- timber-harvesting activity;
- transportation of passengers by automobile transport equipped for transportation of more than 8 persons;
- transportation of cargoes by automobile transport with the capacity over 3,5 tons;
- loading and unloading activities at railroad transportation;
- repair of measuring equipment;
- storage and realization of oil, gas and their derivatives.

The Company has three levels of management:

- The Company's General Directorate;
- Regional branches;
- Structural subdivisions.

### ***1.2. The principles of organization of accounting services***

The concept “**accounting service**” defines the complex of structural units and office holders performing the operations for accumulation of source information, its processing and analysis, and also for drawing up the reports for various groups of users on the basis of this information.

By **specialized accounting service** is meant a structural unit of the Company performing the functions of accumulation, processing and grouping of information in the form of summary registers of analytical and synthetic accounting, of making entries into own-price account. Depending on the level of organizational structure specialized accounting service comprises: accounting office, tax department, consolidated statements group, etc.

**Functional services** (e.g., line-cable shop, transportation department, accounts department, etc.) perform the functions of accumulation and processing of source information for its further registration in the accounting system.

At each management level the accounting service ensures accumulation and processing of information for the purpose of providing data to the users to work out, to substantiate and to make decisions at their level of management and also to provide superior management bodies with information required work out, to substantiate and to make decisions at higher management level.

The principles of separation of power and responsibility of accounting services at each of the three levels of management (vertically) and inside each management level (horizontally) are regulated by “Regulations on principles of record keeping organization”. The same Regulations define the structure, the functions and the tasks of specialized and functional accounting services. The distribution of duties and interrelations between specialized and functional accounting services are regulated by the Regulations on principles of record keeping organization and by the Regulations on the system of flow of documents.

Bookkeeping and control is imposed on the Company’s accounts department as a constituent part of specialized accounting service headed by chief accountant. The Company’s accounts department includes accounting offices of subdivisions directly headed by chief (senior) accountants of these subdivisions. The functions of central accounts department are performed by the accounting office of the Company’s General Directorate.

### ***1.3. The procedure of organization of the flow of documents and the technology of accounting documentation processing***

In the Company the rules and the procedure of organization of the flow of documents, the schedule of the flow of documents, the technology of processing of source accounting documents, including:

- the procedure of creating source documents;
- the procedure of examination of source documents;
- the procedure and the time period of their transfer for the record in the book records;
- the procedure of transferring the documents to archival depository

are governed by Regulations on the system of flow of documents.

Unified forms of source accounting documentation approved by RF Goscomstat (State Committee on Statistics) are applied in the Company.

When drawing up financial-economic operations for which unified forms are not stipulated self-designed forms of source record documents (inclusive those included into Regulations on the system

of flow of documents) containing obligatory requisites established by Federal Law №129-ФЗ “On bookkeeping” of 21.11.1996 are applied.

The authority to sign source record documents is established by internal organizational-order documents.

#### ***1.4. The procedure of organization and making the inventory of property and liabilities***

All the property of the Company, irrespective of location, and all kinds of liabilities are subject to physical stocktaking.

Inventory in the Company is made with the following periods:

- Fixed assets – at least once in two years as of October 31 of the report year;
- Intangible assets – annually as of November 30 of the report year;
- Assets under construction and other capital investments – annually as of October 31 of the report year;
- Raw materials, materials, precious metals, equipment for installation, semi-finished products, goods, output finished goods at warehouses - annually as of October 31 of the report year;
- Work in progress – quarterly as of the end of the quarter;
- Deferred revenues and expenses – annually as of December 31 of the report year;
- Cash on bank accounts – annually as of December 31 of the report year;
- Cash in payment office – at least once in a quarter;
- Long-term financial investments - annually as of December 31 of the report year;
- Short-term financial investments, financial documents – quarterly as of the end of the quarter;
- Settlements with debtors and reserve for doubtful debts – quarterly as of the end of the quarter;
- Settlements with creditors – for settlements with communication operators - quarterly as of the end of the quarter, with other creditors – once in a year as of December 31 of the report year;
- Settlements for taxes and obligatory deductions to the budget and to extrabudgetary funds, for target financing – annually as of December 31 of the current year;
- Internal settlements – at least once in a quarter;
- Settlements with personnel, with advance holders – quarterly as of the end of the quarter;
- Reserves for contingent liabilities, reserves for depreciation of investments into securities, reserves for reduction in value of tangible assets – annually as of December 31 of the report year;

Permanent inventory commissions are established to make inventory at the level of the Company’s Directorate and headquarters of regional branches; the structure of these commissions is approved by:

- For the Company’s General Directorate – by the Company’s General Director;
- For regional branches – by the director of the branch.

The procedure of organization and making the inventory of the Company’s assets and liabilities are detailed in the Provision on the procedure of making inventory of assets and liabilities and the measures to ensure preservation of assets.

### ***1.5. The procedure of drawing up the Company's accounting statement***

The Company's accounting statement is drawn up as per the procedure and during the time stipulated by Federal Law №129-ФЗ "On bookkeeping" of 21.11.1996 and by other normative acts of Russian Federation governing the bookkeeping and reporting.

The Company's accounting statement is formed by the accounts department of the Company's General Directorate on the basis of generalized information about property, liabilities and results of the Company's activity taking into account the information provided by accounts departments of regional branches. Making of reporting by the accounts departments of regional branches is carried out on the basis of data provided by accounting offices of structural subdivisions.

The forms designed by the Company taking into account recommendations contained in relevant normative documents are applied when drawing up the accounting statement.

Internal forms of accounting statements and also specific dates of their submission are stated in the Provision on the procedure of forming the Company's accounting statement.

### ***1.6. Working chart of accounts of the Company***

During the bookkeeping all the Company's subdivisions apply Common chart of accounts (Supplement 1).

The procedure of using the Common chart of accounts, including distribution of competence for maintenance of own-price accounts and sub-accounts between the accounting services of various levels of the Company's management is regulated by the Instruction on Common chart of accounts application.

## **2. METHODOLOGICAL ASPECTS OF ACCOUNTING POLICY**

### **2.1. *The procedure of intangible assets recognition***

The amount of depreciation of intangible assets is determined monthly as per the norms calculated on the basis of their initial cost and the period of useful service by line method.

The expected period of useful service of intangible assets is determined when they are registered by specially established commission and is approved by the Company's General Director.

Amortization of cost of intellectual property objects is made by accumulation at account 05 "Amortization of intangible assets" of depreciation amounts charged by line method.

### **2.2. *The procedure of fixed assets management***

In 2005 fixed assets are not revaluated.

Amortization for fixed assets objects is charged by line method on the basis of their initial cost or replacement cost value (in case of revaluation) of an object of fixed assets and the norm of amortization calculated on the basis of the period of useful service of this object.

The period of useful service for groups of homogeneous objects of fixed assets is determined by the commission when the fixed assets are accepted and is approved by the Company's General Director.

For acquired fixed assets that earlier were in operation the period of useful service is determined on the basis of time of actual operation and expected period of useful service of fixed assets in the Company.

The objects of fixed assets of the value not over 10000 rubles per a unit, and also books, brochures and similar publications acquired since 01.01.2002 are written off for production expenses (merchandising cost) as they are released to production or operation by using account 02 "Amortization of fixed assets". In order to ensure preservation of these objects in production or during operation the Company carries out due control of their movement at account 01 "Fixed assets".

Objects ready for operation that are planned for usage in the structure of fixed assets, prior to the start of operation, are itemized in the structure of investments into non-current assets.

Objects of property, for which capital investments are completed and relevant source record documents for acceptance are executed, are accepted for accounting records in the structure of fixed assets since the start of their actual operation with allocation on separate sub-account to the account of fixed assets management.

For fixed assets received under leasing contracts the period of useful service is set to be equal to the contract validity term.

The costs for all kinds of repairs are included into the prime cost of that report period when they were carried out. The reserve for deferred expenses for the repair of fixed assets is not set up.



### ***2.3 The procedure of inventories accounting***

Accumulation of information about actual prime cost of inventories in the Company's accounting records is carried out by using accounts 15 "Procurement and acquisition of tangible assets" and 16 "Tangible assets cost deviation".

The accounting records of inventories at accounts 10 "Materials" and 41 "Goods" are carried out by book prices.

Inventories (raw materials, materials and goods) are accepted for accounting records by the book price; the book price means:

- When inventories are acquired for a fee – the price of the supplier in accordance with supply contract (purchase-and-sale contract);
- When inventories are manufactured by the Company itself – the sum of actual expenses related with their production;
- When inventories are used in lieu of contribution to charter capital of an organization - money value agreed by the founders taking into consideration the requirements of Law "On joint stock companies";
- When inventories are received under gift contract (free of charge) and also inventories left after retirement of fixed assets and other property - current market value as of the date of acceptance for accounting records;
- When inventories are received under contracts stipulating performance of obligations (payment) by non-monetary assets – the cost of assets transferred or subject to the transfer by the Company<sup>2</sup>.

Ordering costs and the costs, to bring up the materials to the condition when they are suitable for usage for the purposes designed in the Company, are accounted in the accounting records in account 16 "Materials cost deviation" irrespective of the percentage of ordering costs or the deviation value to the book value of the material.

*Goods at retail, which are accounted on account 41.02, are reflected in the accounting records at sales prices.*

The costs for procurement and delivery of goods designed for realization via retail and wholesale trade networks to the Company's warehouses are accounted in the structure of circulation costs.

Output finished goods are accounted by actual factory costs of manufacture without using account 40 "Output of products (works and services)".

The structure of inventories takes into account tangible assets which are inappropriate to account in the structure of fixed assets irrespective of lifetime due to nonrationality of objective statement. These are: stationary, housewares, small house implements and work tools.

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<sup>2</sup> The cost of assets transferred or subject to transfer by the Company is established on the basis of price at which in comparable circumstances the Company usually establishes the cost of similar assets. When it is impossible to establish the cost of values transferred or subject to transfer by the Company, the cost of inventories received by the Company under contracts stipulating the performance of obligations (payment) by non-monetary assets is established on the basis of the cost at which in comparable circumstances similar inventories are acquired.

Working clothes and special tools taken possession of the Company are accepted for accounting records in the amount of actual costs for acquisition on the debit of account 10 "Materials".

Working clothes and special tools of the cost of not over 10000 rubles per a unit, and also working clothes and special tools with the useful service not exceeding 12 months with any cost per a unit are written off to the accounts of cost keeper as they are transferred to operation.

Working clothes and special tools of the cost of over 10000 rubles per a unit and useful service exceeding 12 months after transfer to operation are recorded at accounts "Working clothes in operation" and "Special tools in operation" with amortization of cost by equal shares during the period of useful service.

The inventories being retired are evaluated by the following methods:

- By average prime cost:
  - raw materials;
  - materials;
  - output finished goods;
  - goods for resale.
- By prime cost of each unit:
  - precious metals.

#### ***2.4. The procedure of recalculation of assets and liabilities denominated in foreign currency***

Recalculation of value of currency notes in the Company's cash office, of funds at accounts in credit organizations, of financial and payment documents, of short-term securities, of accounts receivable (including for borrowed liabilities) from legal and natural persons, fund balances of target financing received from budget or from foreign sources within the framework of technical or other aid to Russian Federation in accordance with concluded agreements (contracts) denominated in foreign currency is made as of the date of making the operation in foreign currency and also as of the report date of drawing up the accounting statement.

#### ***2.5. The procedure of accumulating information about income***

For the accounting purposes ordinary types of the Company's activity are subdivided into core and non-core.

By core types of activity are meant those types of activity that are directly related to provision of communication services. All the remaining types of activity are non-core.

Ordinary types of activity:

- Core types of activity:
  - **Services of city's telephone communication**
    - Provision of access to city's telephone network;
    - Provision of local telephone connection (call) to the subscribers of fixed line communication in urban locations (provision of subscriber's line for usage in urban locations; transit of local traffic);
    - Provision of local telephone connection from city's payphone;
    - Provision of direct lines and trunk lines for usage;
    - Other services of city's telephone network (connection, re-registering, etc.)
  - **Services of rural telephone communication**
    - Provision of access to rural telephone network;

- Provision of local telephone connection (call) to the subscribers of fixed line communication in rural locations (provision of subscriber's line for usage in rural locations; transit of local traffic);
- Provision of local telephone connection from rural payphone;
- Provision of direct lines and trunk lines for usage;
- Other services of rural telephone network (connection, re-registering, etc.)
- **Services of DLD & ILD telephone communication**
  - Provision of DLD telephone connection by using a payphone;
  - Provision of ILD & DLD telephone connection;
  - Provision of ILD telephone connection by using a payphone;
  - Provision of DLD & ILD channels for usage;
  - Other services of DLD & ILD communication (conferences, engineering maintenance, etc.)
- **Services of recording communication**
  - Inland telegrams;
  - International telegrams;
  - Provision of telegraph channels for usage;
  - Telex;
  - Data transfer services;
  - Telematic services;
  - Transmission of newspaper's pages;
  - Other services of recording communication
- **Internet services**
- **Radio communication services**
- **Radio broadcasting services**
- **TV services**
- **Wire broadcasting services**
  - Provision and maintenance of radio broadcasting public speakers;
  - Provision of access to wire broadcasting network;
  - Other income from radio broadcasting public speakers;
- **Services of wireless radio communication**
  - Personal call (paging) services;
  - Cellular communication services;
  - Other services of wireless radio communication
- **Non-core types of activity:**
  - Services of granting the Company's assets for lease;
  - Transport services;
  - Manufacture of telecom facilities products;
  - Trade services;
  - Catering services;
  - Services of construction nature;
  - Services of information-computer support;
  - Publishing activities (publishing of reference books, newspapers)
  - Information service;
  - Rendering of intermediary (agency, commission) services;
  - Services of providing access to electric power;
  - Education services;
  - Security services;
  - Agency business;
  - Consumer services;
  - Services of recreation centers;

- Advertising activity;
- Other types of activities meeting the criteria stated above.

Note: the list of non-core types of activity is drawn up by the Company itself.

Income differing from income from ordinary types of activity is considered to be other income.

## **2.6. *The procedure of accumulating information about expenses***

For the purposes of accounting the expenses ordinary types of the Company's activity are subdivided into core and non-core.

In the accounting records the calculation of expenditures for kinds of services, works and output products that are subjects of calculation is kept separately.

For the purposes of distributing the expenditures of core types of activity on the objects of calculation the Company applies the method of calculation of expenditures for operating processes.

**Operating process** is unambiguously defined activity (sequence of actions or the aggregate of functions and tasks) not limited in time and having identifiable result.

For the purposes of distributing the expenditures on the objects of calculation the processes are subdivided into basic operating processes, off-line operating processes and joint processes.

**Basic operating processes** are the processes carried out directly for the provision of communication services.

**Off-line operating processes** are the processes required for implementation of basic and joint operating processes and indirectly related to the provision of communication services.

**Joint operating processes** are the processes required for implementation of basic operating processes but not related to the provision of communication services.

**Cost allocation bases** are actual, physical indicators of the Company's operating activity, the structure of these indicators is defined in Instructional guidelines on expenditure records.

All the expenditures related to core types of activity are indirect, id est, they are not allocated directly and are distributed between the objects of calculation and are accounted for from the point of view of operating processes.

The expenditures of core types of activity are posted to account 30 "Basic operating processes" and account 31 "Off-line operating processes".

The expenditure related to non-core types of activity are accounted for on accounts 23 "Auxiliary productions", 29 "Service productions and facilities" and 44 "Expenditures for sale" from the point of view of types of activity.

Full prime cost of rendered services, executed works, output products without separation of administrative and commercial expenses is calculated.

The expenditures of joint operating processes are posted to account 32 "Joint operating processes".

The expenditures accumulated on account 31 "Off-line operating processes" are allocated between basic and joint operating processes on account 30 "Basic operating processes" and account 32 "Joint operating processes" on the basis of data on bases of allocation provided by production services at the end of the report period.

The expenditures accumulated on account 30 "basic operating processes" are allocated to account 20 "Primary production" by the objects of calculation (services) on the basis of data on bases of allocation provided by production services at the end of the report period, and also on account 33 "Expenditures on equipment operation" by the types of equipment of conditional digital network made up annually by engineering services. The expenditures by the type of equipment are allocated in accordance with calculated data of engineering services about the share of involvement of the equipment in basic operating processes.

The expenditures accumulated on account 33 "Expenditures on equipment operation" are allocated on account 20 "Primary production" by the objects of calculation (services) on the basis of data of engineering services about the intensity and duration of usage of each type of equipment by a specific service; these data are calculated at the beginning of each year or if major changes occur in topography of communication network.

For the purposes of calculation of prime cost of services, works and products of non-core types of activity the actual expenditures for rendered services, completed works and products transferred to warehouse, these expenditures being accumulated on accounts 23 "Auxiliary productions" and 29 "Service productions and facilities" are written off to account 43 "Output finished goods" (in case of finished-product output) to the appropriate accounts of operating processes (in case of rendering services or carrying out of works for core types of activity) or to account 90 "Sales" sub-account 90-04 "Prime cost of sales for non-core types of activity" (in case of rendering services, carrying out of works for outside parties). The balance of debit of accounts 23 "Auxiliary productions" and 29 "Service productions and facilities" reflects the value of balances of work in progress.

The expenditures allocated to the account of joint operating processes 32 "Joint operating processes" are written off at the end of the report period to account 20 "Primary production" proportionally to the sum of expenditures allocated to the appropriate accounts.

Expenditures for rendering of communication services accumulated by types of services on account 20 "Primary production" are completely written off at the end of the report period to account 90 "Sales" sub-account 90-02 "Prime cost of sales (for core types of activity)" with analytics by the objects of calculation (services).

The procedure of record maintenance and calculation of prime cost of products (works and services) of non-core types of activity is established by the Company on its own in accordance with recommendations of industry's instructions regulating the said procedure in those industries which the specified type of non-core activity is referred to.

The expenditures of service productions and facilities as per the trends of their activity (realization, compensation-free transfer, rendering of services to other subdivisions of the Company) are allocated proportionally to direct expenditures.

The cost of fixed assets up to 10000 rubles per a unit written off for production expenses (expenses for sale) are recognized as the expenditures of material nature as they are released to production.

## **2.7. *The procedure of deferred expenses records***

Deferred expenses are the expenses that were recognized in the report period, but they cannot be included into the prime cost of realized services, works and products of this report period, for example:

- Expenses related to reclamation of new productions or kinds of products prior to occurrence of facts of their realization;
- Expenses for payment of rest leaves of future periods;
- Expenses for acquisition of licenses;
- Expenses for insurance of property;
- Expenses related to acquisition of software products and data bases under purchase-and-sale contracts or swap contracts if these assets do not meet the requirements set up for intangible assets;
- Expenses related to advance redemption of leased property;
- Miscellaneous.

Deferred expenses are subject to amortization on a straight-line basis at the expense of relevant sources of covering during the period they are referred to. If it is not possible to establish the period during which the incurred expense should be amortized, then the specified period is established by a specially set up commission and is approved by an order of the General Director or of an authorized person.

For the purposes of drawing up the reporting the expenses related to the acquisition of software products and data bases, as well as the expenses related to advance redemption of leased property are classified as other non-current assets.

## **2.8. *The procedure of settlements records***

The settlements by non-monetary assets are posted in the records individually by using account 76.15.

The Company transfers long-term indebtedness (accounts receivable and accounts payable) to the structure of short-term indebtedness at the time when as per terms and conditions of the contract 365 days are left for the debt repayment.

For the purposes of drawing up the reporting the advances of capital nature are classified as other non-current assets.

## **2.9. *The procedure of received credits and loans records***

The Company transfers long-term indebtedness on received credits and loans into the structure of short-term indebtedness (to appropriate subaccount of account 66 "Settlements on short-term credits and loans") at the time when as per the terms and conditions of credit and (or) loan contract 365 days are left for the repayment of principal of loan.

If the Company raises a long-term loan under the contract the terms and conditions of which stipulate recurrent repayment of the loan amount, then as 365 days are left for the repayment of the next portion of the loan, it is transferred to the structure of short-term indebtedness to the appropriate subaccount of account 66 "Settlements on short-term credits and loans".

If an agreement is concluded to prolong the contract of short-term loan or to postpone the time of payment of short-term portion of indebtedness under long-term loan in such a way that the time of the loan repayment or of its specified portion will be over 365 days, then the amount of indebtedness under the loan or its partial repayment should be transferred from short-term indebtedness to the structure of long-term indebtedness (to appropriate subaccount of account 67 “Settlements on long-term credits and loans”).

The income due to payment to debt holder in the form of interest is charged on straight-line basis (monthly) in accordance with the rate set up in the contract. If in accordance with terms and conditions of the contract the payment of interest falls on the last day of the month, then it is necessary to charge additionally the indebtedness to the creditor in the amount of interest falling on the end of the month.

On the loans received in monetary form and raised by issuing the Company’s own bills of exchange, the amount of discount due to payment to a bill holder is classified as deferred expenses with further writing off to the structure of operating expenses on a monthly basis in equal shares during the period of bills of exchange circulation.

Herewith for the bills of exchange having the clause “on presentation, but not earlier” as the period of circulation, on the basis of which the discount as of the end of the report period is set up, is used the expected period of circulation of the bills of exchange established in accordance with Bills of Exchange Act (365 (366) days plus the period from the date of the bill’s drawing till the lower date limit of the bill’s presentation for payment).

For the loans received in monetary form and raised by issuing the Company’s bonds, in case of sale of issued bonds at the price differing from their face value (with discount), then the amount of discount is classified as deferred expenses with further writing off into the structure of operating expenses on a monthly basis in equal shares during the period of the bonds circulation.

Additional expenses related to obtaining of loans and credits, to placement of borrowed obligations are included into the structure of operating expenses in that report period when the specified expenses incurred.

For received credits and loans denominated in conventional currency units or in foreign currency and due to repayment in rubles there is in accounting records re-count of obligations amount in the principal debt, and also of interest due to payment at the rate of Central bank of Russian Federation effective on the report date.

#### ***2.10. The procedure of organization of records of intra-company’s settlements and the transfer of information by subdivisions***

To keep records of intra-company’s turnover the Company applies account 79 “Intra-company’s settlements”.

All financial-economic operations performed between the Company’s subdivisions **are made on the basis of letters of advice (aviso) via superior level of management. The operations** between structural subdivisions are made via appropriate regional branches. The operations between regional branches are made via the Company’s General Directorate.

#### ***2.11. The procedure of establishing and using special-purpose funds***

The Company does not establish any funds at the expense of undistributed profit of the report year, excluding the funds the establishment of which is stipulated by the Company’s constituent documents.

The procedure of establishing and using the specified funds is defined on the basis of resolution of general meeting of stockholders of the Company, the requirements of Law “On joint stock companies” being taken into account.

### ***2.12. The procedure of establishing and using the contingency reserve provision***

The Company establishes the following types of contingency reserve provision:

- Reserve for depreciation of financial investments (as of the end of the report year);
- Reserves for doubtful debts (quarterly);
- Reserves of costs to be incurred (monthly);
- Reserves for contingent liabilities (as of the end of the report year).

The reserve for doubtful debts is established quarterly prior to drawing up accounting statement in regard to doubtful debts.

The reserve for doubtful debts is established based on the results of taking inventory of accounts receivable, herewith by a doubtful debt is recognized accounts receivable which is not repaid during the time set up by contract or not secured by pledge, guaranty, bank guarantee.

Taking into consideration that in telecom companies individual analysis of each doubtful debt for communication services is impossible due to a large number of subscribers, the reserve is established for all outstanding debts, the payment of which as of the date of the reserve establishment is 90 days and more overdue, in the amount of 100 per cent of the debt amount. The reserve is not established for debts the payment of which is delayed less than 90 days.

### ***2.13. The procedure of government aid records***

Budgetary means (subventions, subsidies) are recognized in accounting records as monetary funds and resources differing from other cash assets are actually received.

### ***2.14. The procedure of financial investments records***

For the purposes of accounting records financial investments are classified by the types of investments and their maturity.

At sale, other retirement, including repayment of securities the evaluation of retired issuing securities is carried out by FIFO method, the evaluation of retired non-monetary securities is carried out by actual cost of each security.

By maturity financial investments are divided into:

- ***Long-term*** – the investments made with the intent to receive income on them over 12 months after the report date, if the established time of their repayment exceeds 12 months after the report date;
- ***Short-term***:
  - Investments made without the intent to receive income on them over 12 months;
  - Investments for which the established time of repayment does not exceed 12 months after the report date;
  - Securities acquired for re-sale irrespective of the time of their repayment.

Long-term financial investments are subject to transfer to short-term ones:

- Due to the change of intentions to receive income on them over 12 months after the report date;



- If the time till the date of their repayment became not over 12 months after the report date.

Short-term financial investments for which the established time of repayment exceeds 12 months after the report date are subject to transfer to long-term investments (to appropriate subaccount) due to the change of initial intention to receive income on them during the period not over 12 months after the report date.

The maturity of investments is evaluated by subdivision (person) appointed by the Company's CEO order and is stated in the document executed as per the form established by Company, the document being transferred to the accounting office.

The information about initial cost of financial investments acquired for fee is accumulated in the amount of actual expenses related to their acquisition.

The information about initial cost of investments acquired under contracts stipulating payment in rubles in the amount equal to the amount in foreign currency (conventional currency units) is accumulated with taking into consideration foreign currency exchange differences occurring prior to accepting the assets as financial investments.

As regards debt securities the difference between the amount of actual expenses for acquisition of a security and its face value is not charged to financial results.

The cost of financial investments for which it is possible to determine current market value as per the established procedure is adjusted as of the end of the report year.

### ***2.15 The procedure of records of expenses for research-and development and technological activity***

For the purposes of drawing up the reporting the following assets are recognized as other non-current assets – completed research-and development and technological activities for which the obtained results are unliable for legal protection as per current legislation, but they are not executed as per the procedure established by legislation.

The expenses for R&D are written off by straight-line method to the expenses of ordinary types of activity since the 1-st day of the month following the month when the actual application of obtained results was started in the output of products, provision of services or for management needs.

The time for paying off expenses for R&D is established when they are completed by a specially set up commission and is approved by an order within the period during which it is supposed to get economic benefits (income) but not more than 3 year.

## **SUPPLEMENT 2. THE LIST OF INSTRUCTIONAL GUIDELINES**

1. Provision on the procedure of making inventory of assets and liabilities and the measures to ensure preservation of assets.
2. Regulations on principles of record keeping organization.
3. Regulations on the system of flow of documents.
4. Instructional guidelines for fixed assets recognition.
5. Instructional guidelines for intangible assets recognition.
6. Instructional guidelines for capital construction records.
7. Instructional guidelines for financial investments records.
8. Instructional guidelines for inventories records.
9. Instructional guidelines for expenses records.
10. Instructional guidelines for monetary means and financial documents records.
11. Instructional guidelines for income records.
12. Instructional guidelines for records of settlements with buyers and customers.
13. Instructional guidelines for records of settlements with suppliers and contractors.
14. Instructional guidelines for records of settlements with other debtors and creditors.
15. Instructional guidelines credits and loans records.
16. Instructional guidelines for records of settlements with personnel.
17. Instructional guidelines for owners' equity records.
18. Instructional guidelines for targeted financing records.
19. Instructional guidelines for establishing contingency reserve provision.
20. Instructional guidelines for records of intra-company's settlements.
21. Instructional guidelines for the procedure of accumulation of information about the Company's accounting statement.